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The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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Our Reporter On "Governments"

From Washington in the last fortnight have come several dispatches of deep significance. . . . "Feelers," they were—and hints of actions to come. . . . In effect, they told us that (1) interest rates will be stabilized but not frozen at the levels of today, which are 2½% for long-terms and ⅜% for shortest-terms; (2) reserve requirements will be slashed and open market operations will be carried on to accomplish a $5,000,000,000 plus increase in excess reserves; (3) banks and other major investors in Governments will be told the types of issues to be sold to them over the coming war months as soon as the Treasury and Federal Reserve authorities have decided. . . .

All of these things we knew. . . . (In fact, what approximated them was printed in this column only last week.) . . . The question of importance then is not what the Government intends to do but what success is it likely to have in its efforts. . . . And on that, this writer suggests a valuable activity would be a close study of Britain's experience since 1939 and of its trial and error program. . . .

To begin with the conclusion, England has been able to do just about everything it has wished with its Government market. . . . It has financed the war to date on an astonishingly cheap basis. . . . It is still raising huge amounts of funds with a minimum of difficulty. . . . It is relying primarily on its banks, secondarily on the public. . . . It is leading us in the paths of sophisticated public finance. . . .

If you want to take those sentences and carry them to another logical conclusion, you might say "If England has been able to do it with its admittedly less wealthy setup, America can." . . .

Here are some significant points worth re-reading several times for an indication of what probably lies ahead for us. . . .

(1) Short-term financing is Britain's main support. . . . At present, Britain has a system of issuing "Treasury Deposit Receipts," which are six-months' non-negotiable securities. . . . The banks buy these in huge amounts and as a result the war in which England has been engaged since September, 1939, has been financed on a basis considerably below 2%. . . .

(2) About 90% of the resources of Britain's banks are being used in one form or another to help pay for the war. . . .

(3) In the last two and one-half years, British "perpetual" Consol. 2½s (the big loan of England) have risen from 62½ to 83½. . . . Or, to put it another way, yields have gone down from 4 to 3%. . . .

(4) Only a short time ago, England cut the rate on its war loans of long-term maturity from 3 to 2½%. . . .

(5) British policy is to stress maturity rather than interest rate. . . . And the banks manage their portfolios on that basis. . . .

WHY A CHANGE?

The more you study the experience of England, the more clear will be one thought. . . . And that is that fears of any major or even intermediate rise in interest rates during the war period are generally without foundation in fact. . . . The fear is father to the thought, a false although natural handicap in financial circles. . . .

If England can carry on the war and cut interest rates while it is

(Continued on page 2208)

OUR REPORTER'S REPORT

The part played by the Nation's banks and bankers in financing the vast war expenditures becomes quite clear upon the statement of Henry W. Koeneke, President of the American Bankers Association, that they have accounted for 85% of all war bonds sold to date.

Under the circumstances it is readily apparent that the position of these institutions, as regards their excess reserves, looms large in the picture of future financing operations by the United States Treasury.

Secretary Morgenthau is, of course, intent upon obtaining the widest possible public distribution of the war bonds as a means of offsetting the inflationary potentialities involved in the vastly increased buying power growing out of huge war spending.

But there is nothing to be gained by overlooking the fact that by far the bulk of the war debt must ultimately be lodged with the banks. They must be assured of the reserve funds necessary to take up their share of the new Government debt.

It is with that end in view, no doubt, that the Federal Reserve Board is moving for a change in the Reserve Act, to permit reclassification of New York and Chicago from Central Reserve to Reserve Cities. As Central Reserve City banks, institutions in those two areas must now set up a reserve of 26% against demand deposits.

As Reserve City banks, the requirement would automatically drop to 20%. Banks in those two areas now have excess reserves totaling $817,000,000. Upon reclassification as now sought, such reserves would rise to approximately $1,800,000,000.

But in view of vastness of the Treasury program ahead, it is

(Continued on page 2204)

Warns High Corporate Taxes Planned Will Kill Incentive to Expansion So Vital to War Effort

"Congress should move cautiously in proposing substantially higher taxes against corporations at this time, without a careful survey of their future effect on the national economy," in the judgment of A. W. Robertson, Chairman of the Westinghouse Electric & Manufacturing Co. In a letter addressed to all members of Congress last week, Mr. Robertson said that the corporation tax program proposed by the House Ways and Means Committee will seriously affect the future of his company, adding that it "may entirely eliminate the essential incentive to accomplish economically that expansion in production which is now so vital." At the same time Mr. Robertson said:

"I am entirely sympathetic with a program that will impose heavy taxes on so-called excess profits, provided the true excess profits are really established. I am also sympathetic with the substantial taxation of so-called normal profits, but surely the application of a combined normal tax and surtax rate of 40% after taxing excess profits at a rate of 94% appears excessive.

"On top of these taxes is an insistent drive to reduce profits, which, of course, will reduce our taxes at the same time as they reduce our net incme. And the final straw might be considered the increase in all expenses which is taking place on account of operating precautions due to the war, as well as threats of other increases."

From Mr. Robertson's letter we also quote:

"Every company finds need for additional money from earnings from time to time, due primarily to the fact that the future is uncertain, and mistakes are made. Unless additional money is available from some source, a company that is unfortunate enough to expand in the wrong direction will not be able to correct its mistake after it is found. This can weaken any company. A company must keep on growing or old age and decay will overtake it, and a company can grow only through money. Money is its life blood.

"The country at large and all its citizens will suffer loss if a company like the Westinghouse Company fails through lack of funds to meet emergencies, and if it fails other companies will fail for the same reason. Where will men work if there is no Westinghouse Company or similar companies? Where will men invest their savings if not in such companies? Who will care for those whose investments are lost if these companies fail? And who will care for the pensioners whose pensions will stop if their company fails?

"It has been said many times that the power to tax is the power to destroy. I am sure you agree with me that among the obligations and duties which rest upon the shoulders of Congress is the duty to act wisely when it enacts tax laws.

"The trend I refer to is well illustrated by this comparative statement of Westinghouse earnings and taxes for the first quarters of the years 1941 and 1942.

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NSTA Convention Is Put Off Indefinitely

The Ninth Annual Convention of the National Security Traders Association, scheduled for Cleveland, Ohio, Aug. 26, 27 and 28, has been postponed indefinitely, it was announced by Joseph W. Sener of Mackubin, Legg & Co., Baltimore, President of the association.

The traders decided that they would not be justified in taxing the transportation and hotel facilities of so busy a war production center as Cleveland, Mr. Sener explained. The association, which has a nationwide membership of over 2,000, expected a convention attendance of approximately 500. Edward E. Parsons, Jr., of William J. Mericka & Co., is chairman of the convention committee.

◆

Thompson, Wittmer & Malone With Buckley

PHILADELPHIA, PA.—J. Cary Thompson, Jr., formerly manager of the statistical department of Mackubin, Legg & Co., Baltimore, has become associated with Buckley Brothers, 1529 Walnut Street, members of the Philadelphia Stock Exchange, where he will be in charge of the statistical department of their Philadelphia office.

Alexander J. Malone, formerly an officer of Yarnall, Stetser, Malone & Co., Inc., and Edward Brooke are also with Buckley Brothers in their Philadelphia office.

Carl S. Wittmer, Jr. has also joined Buckley Brothers as manager of their office in the Professional Arts Building, Hagerstown, Md. Mr. Wittmer was previously Hagerstown manager for Mackubin, Legg & Co.

Trading Markets In

Scranton-Spring Brook Water Service Corp.
First & Refunding 5s 1961
First & Refunding 5s 1967

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70 Pine Street, New York WHitehall 4-4970
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THE BOND SELECTOR

SCRANTON-SPRING BROOK WATER SERVICE COMPANY

First and Refunding 5s of this Company, the Scranton Gas & Water First 4½s and the Spring Brook Water Supply First 5s Are Reviewed

Scranton-Spring Brook Water First and Refunding 5s, 1961 and 5s, 1967, will appeal to those investors who are looking for a medium grade bond with a steady record of earnings which will return them a comfortable yield. Either issue can be bought over the counter at about 97½ to yield 5.21% to maturity in the case of the 5s, 1961, and 5.18% in the case of the 5s, 1967. For those who are willing to sacrifice some yield but desire a better secured bond and are not adverse to paying a premium above call, Scranton Gas & Water 4½s, 1958, at 103⅞, yield 4.17% and Spring Brook Water Supply 5s, 1965, yield 4.30% at the current market price of 110¼. The Scranton Gas & Water bonds are now callable at 102; the Spring Brook Water 5s at 107½.

The Scranton-Spring Brook Water Service Company and its subsidiaries supply water or manufactured gas, or both, to sixty-odd neighboring communities in Pennsylvania with an aggregate population of about 620,000. The territory includes Scranton, Wilkes-Barre, Pittston and other important industrial centers. Water sales contribute about 80% of operating revenues and manufactured gas the balance. The company's service territory is in the heart of the anthracite coal mining fields, but includes numerous other industries including silk mills, railway repair shops, and iron, cement and machinery plants. About 18% of sales are in the industrial classification.

Capitalization includes funded debt of roundly $35,400,000 and includes the following: $14,500,000 1st & Ref. 5s, 1967, $2,400,000 1st & Ref. 5s, 1961, $11,000,000 Scranton Gas & Water 1st 4½s, 1958, and $7,500,000 Spring Brook Water Supply 1st Ref. 5s, 1965. The Scranton-Spring Brook 1st & Ref. 5s, 1961 and 1967, are secured by a first mortgage on a portion of the company's property but by a refunding mortgage on the remaining properties subject to the prior liens of the Scranton Gas & Water 4½s and the Spring Brook Water 5s. Consequently, their position is considerably junior to the other two issues. These latter bonds too are secured by first mortgages on practically all prop-

(Continued on page 2208)

Fred H. Gabbi Joins Nathan C. Fay & Co.

PORTLAND, ME. — Fred H. Gabbi, who formerly represented Paine, Webber & Co. in Portland for over 21 years, has become associated with Nathan C. Fay & Co., 465 Congress Street, it is announced. Mr. Gabbi, who is well known in Maine financial circles, has been a director of Lions International, Chairman of Portland Common Council, and is Chairman of Appeal Board No. 3, Chairman of Cumberland County Salvage Committee, and Director of Portland Gas Light Co.

Municipal Club Outing Pronounced Success

The annual field day of the Municipal Bond Club of New York held at the Westchester Country Club, Rye, N. Y., was pronounced a huge success by members and guests attending.

Golf and tennis were special features of the day.

Walter Dempsey, B. J. Van Ingen & Co., Inc., won the golf meet with a low gross of 78. In Class A competition, Daniel Fitzpatrick, Phelps, Fenn & Co., scored low net of 83-11 net 72 with Ferris Moulton, R. H. Moulton & Co., Inc., runner-up scoring 87-15 net 72. Low net Class B and also the Governor's Trophy were won by Walton R. Dunn, Mackey, Dunn & Co., Inc. (102-35 net 67). with Fred W. Buesser, Chemical Bank & Trust Co., runner-up. E A. M. Cobden, Kean, Taylor & Co., captured first place in the match play against par competition, followed by George Gillies. Blair & Co., Inc. Kickers Handicap was won by W. R. Compton Jr., Schwabacher & Co. Longest drive of the day was made by Thomas McEntee, Adams, McEntee & Co., Inc. and Randolph Compton, Union Securities Corp., won the Accuracy Contest.

E. B. Laughlin, Harry Downs & Co., and Brainerd Whitbeck, The First Boston Corporation, won the tennis doubles matches, with John Stephenson, Jr., Dun & Bradstreet, and Henry Eyre, F. B. Eyre & Co., runners-up.

◆

N. Y. Analysts Elect; To Hear Dr. Nadler

At the annual meeting of the New York Society of Security Analysts Wm. Hamilton Swartz was elected President for the ensuing year. Mr. Swartz is director of research at Goodbody & Co. Frederick A. Dewey was elected Vice President, Hamilton Hager of the First National Bank was elected secretary and Marvin Chandler of Barrett Associates was elected Treasurer. At the next general meeting of the society to be held today at Block Hall Lunch Club, Dr. Marcus Nadler, Professor of Finance at New York University and Research Director of the Institute of International Finance, will speak on "The Financing of the War and its Consequences."

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NYSE Firms To Merge As Stillman, Maynard

Evans, Stillman & Co. and Maynard, Oakley & Lawrence have formulated plans for the merging of their business under the name of Stillman, Maynard & Co., it is announced. Offices of the combined firm will be located at 61 Broadway, New York City, in the space held by Maynard, Oakley & Lawrence, the offices of Evans, Stillman & Co. at 14 Wall Street being discontinued.

All general partners of the two firms will be partners in Stillman, Maynard & Co.; Howard A. Plummer is retiring as a limited partner in Evans, Stillman & Co., but will continue to make his office with the combined firm.

Partners of the consolidated firm will be: R. Lawrence Oakley, Walter N. Stillman, James McMillen, Robert W. Morgan member of the New York Stock Exchange, Charles C. Lawrence Richard S. Maynard, and William W. Dean, New York Stock Exchange member. Major J. Gould Remick, a partner in Evans, Stillman & Co. on leave of absence with the armed forces, and Arvid Taube of Maynard, Oakley & Lawrence who is serving as a Captain in the Aviation Corps, will also be partners in the combined firm.

◆

Curb Exchange Names Nominating Committee

At the final election on June 9 members of the New York Curb Exchange voted Harry A. Tracy Joseph F. Crowley, O. F. Browning, Jr., and Edward C. Werle Class A members, and Robert J. Lewis, James C. Warren, and Matthew Dean Hall Class B members of the Nominating Committee. The constitution of the Exchange requires that Class A members be regular members of the Exchange, one of whom shall be engaged solely in the commission business. Class B members must be associate member partners or non-member partners of regular or associate member firms doing business for the public. The Committee will attend meetings of the Board of Governors and various standing committees for the purpose of selecting nominees for offices to be filled at the annual election in February, 1943.

◆

Jones Raises All But Cane

Jack E. Jones, Vice-President of Hartley Rogers & Co., 1411 Fourth Avenue Building, Seattle, Wash., is the man to go to if you want to know what's what and how's how about starting a victory garden to help the National Defense Program. He recently told our Western representative that he had an abundance of vegetables for his table and a surplus of delicious strawberries that grow to be gigantic in size only in the North West. If your garden is not what it should be, drop a card to Jack, who will be glad to give you his expert advice—but how to get sugar for the berries is another question, as he has no cane in his crop.

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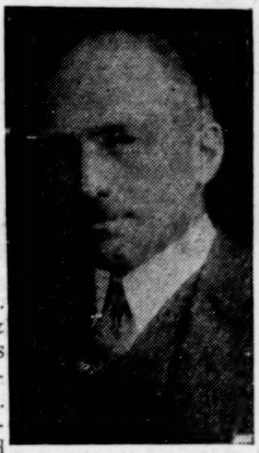
Longmire St. Louis Victory Fund Head

ST. LOUIS, MO. — John R. Longmire has been appointed to serve as Executive Manager of the Victory Fund Committee for the Eighth Federal Reserve Dist. His appointment has been approved by the Secretary of the Treasury.


John R. Longmire

Mr. Longmire is well known in financial circles having been partner in I. M. Simon & Co., St. Louis invest. bankers, since 1929. During 1932-33 he served as manager of St. Louis RFC Agency. On April 15 he took leave of absence from his investment banking connection to become Director of the War Production Loan Agency in the Federal Reserve Bank of St. Louis, to which he will continue to devote part time.

John D. McCutcheon, John D. McCutcheon & Co., Inc., also widely experienced in the securities business, has been designated as full-time assistant to Mr. Longmire in the Victory Fund program.

As Executive Manager, Mr. Longmire will have executive responsibility, under the direction of the Victory Fund Committee, for developing and guiding an aggressive program for the sale of Government securities other than War Savings bonds, as an aid to the United States Treasury in its war financing.

◆

Reopens Hughes Case

The Securities and Exchange Commission has ordered the reopening of the case of Charles Hughes & Co., Inc., 32 Broadway, New York City, investment firm, to determine whether the registration of the company should be suspended or revoked. The order was issued in order that Charles Hughes & Co. might cross-examine witnesses, Mrs. S. D. Furbeck, Mrs. Ann Knebel, Mrs. A. Zinnel and H. E. Monahan and offer evidence in its own behalf regarding charges made in the Commission's order of February 13, 1942. The new hearing will be held on June 15 at the Commission's New York regional office.

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Corwin Liston Joins Prescott & Co. Staff

CLEVELAND, O.—Corwin L. Liston has become associated with Prescott & Co., Cleveland, members of the New York Stock Exchange, according to announcement today.

Corwin L. Liston

Mr. Liston has been a specialist in this district's over-the-counter security market for many years. From 1921 to 1941 he was on the staff of Mitchell, Herrick & Co and its predecessor firms and later was associated with Ledogar-Horner & Co. Recently he was connected with Huff, Geyer-Hecht, Inc.

He served as Secretary of the National Security Traders Association in 1938-39 and was Regional Committeeman for the National Association of Securities Dealers, Inc., in 1940-41. He was also one of the organizers of the Cleveland Security Traders Association.

At Prescott & Co. Mr. Liston will specialize in over-the-counter securities, syndicate, and wholesale work.

SEC Widens Fraud Rule

The Securities and Exchange Commission announces the adoption of a rule prohibiting fraud by any person in connection with the purchase of securities. The previously existing rules against fraud in the purchase of securities applied only to brokers and dealers. The new rule, says the Commission, closes a loophole in the protections against fraud administered by the Commission by prohibiting individuals or companies from buying securities if they engage in fraud in their purchase.

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Schappert-Teden Co. Changes Name Of Firm

The firm of Schappert-Teden-Blumer, Inc., 2 Rector Street, New York City, established in 1931, has changed its firm name to Teden & Co., Inc. Officers of the firm will remain the same.

The firm will continue to specialize in the sale of high-grade producing oil royalties. In order to broaden its distribution, a wholesale department has been established under the direction of Kenneth M. Smith, formerly wholesale and syndicate manager for J. A. Sisto & Co.

A newly prepared booklet, giving a comprehensive description of oil royalties, has just been issued by Teden & Co., who will send copies to dealers on request.

Customers' Brokers Elect New Officers

The Association of Customers Brokers of New York has elected Armand E. Fontaine, Merrill, Lynch, Pierce, Fenner & Beane, President, to succeed Thomas B. Meek, Francis I. du Pont & Co. and Chisholm & Chapman.

Allyn C. Donaldson, Francis I. du Pont & Co. and Chisholm & Chapman, was named Vice-President; Donald C. Blanke, Eastman, Dillon & Co., was chosen Treasurer, and Douglas V. Ellice, Fahnestock & Co., Secretary.

Thomas B. Meek, the retiring President, John J. Tuffy, Hirsch, Lilienthal & Co.; Richard G. Horne, Peter P. McDermott & Co., and Standish M. Perrin, Winthrop, Whitehouse & Co., were elected directors for four-year terms. Anthony A. Smith, G. H. Walker & Co., and John F. Power, Eastman, Dillon & Co., were elected directors for three-year terms, and Ernest H. Hochstuhl, Stocks, Hoyt & Co.; Lionel F. Stern, Ward, Gruver & Co., and Percy Friedlander, Astor & Ross, for one-year terms.

H. F. Christy Joins Crowell, Weedon Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Herschel F. Christy has become associated with Crowell, Weedon & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Christy was formerly a principal in O'Melveny-Wagenseller & Durst and its predecessors, and held membership in the Los Angeles Stock Exchange.

Farrell & Sullivan With Fitzgerald Co.

John J. Farrell and Robert J. Sullivan have become associated with Fitzgerald & Co., Inc., 40 Wall Street, New York City. Mr. Farrell and Mr. Sullivan were previously with Craigmyle, Rogers & Co. and prior thereto with R. H. Johnson & Co. of which Mr. Sullivan was a partner.

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United States of Mexico

Recent War Declaration Points To Closer Economic Collaboration With The United States and Strengthens Position of the External Debt

The article carrying the above caption, which appeared in our issue of June 4, in the Bond Selector column, had been submitted by the author in advance of publication date and, as a consequence, we have been informed that the quotations contained in the study did not adequately reflect the recent price trend. Through the courtesy of one of our subscribers we are able to publish a more comprehensive tabulation of "recent prices" and quotations on outstanding securities of Mexican origin. In addition, we have received some additional information which may prove of interest to dealers and others interested in the securities in question. This data is given, along with the price record, herewith:

	Price Range 1942		Recent Sales	Date
Mexican Government:				
5/99-45	5⅞	7½	6⅞	6-
4/04-54	5⅝	7⅜	6⅝	6-
4/10-45	5⅞	7¾	6⅝	6-
6/13-33	6	7½	7½	5-22
4½/08-43	5⅝	7¼	6¾	6-
National Railways of Mexico:				
4½/07-57	3½	5⅛	4⅞	5-28
4/07-77	3½	5⅜	4⅞	5-28
6% two year & three year notes	3½	4⅞	4¼	6-
National RR. of Mexico:				
4/02-51	3¾	5¼	4⅞	6- 3
4½/02-26	3⅞	7⅛	6⅝	6- 9
Veracruz & Pacific RR.:				
4½/04-34	3¼	5¼	4⅞	5-29
Mexican Government:				
3% Silver bonds 1885	3¼	4½	4½	5-29
5% Silver bonds 1895	4	5⅜	5⅜	5-28
Mexican States:				
Sinaloa 5/06-07			no turnover in 1942	
Tamaulipas 5/03			no turnover in 1942	
Tamaulipas 5/1906			no turnover in 1942	
Veracruz 5/1902			no turnover in 1942	
Veracruz 5/07	3½	3¾	3½	5-18
Mexico City D. F.:				
5/89	5	5¼	5¼	5-
International RR. of Mexico:				
4½/97-47	4	4⅝	4¾	5-2
4/97-77	3⅛	4⅜	4¾	5-23
Mexican Central Ry. Co., Ltd.:				
5/89-39			no turnover in 1942	
5% notes	4⅞	4⅞	4⅞	6-
Tehuantepec National Railways:				
5/14-53	3⅝	4½	4½	5-18
4½/14-53	3¼	3¾	3¾	4- 4
Pan- American RR. of Mexico:				
5/03-34	4¾	4¾	4¾	5-18
5/07-37			no turnover in 1942	

Current quotations for issues listed above, that have remained without turnover in 1942, are reported as follows:

	Bid	Offered
Sinaloa 5/06-07	4½	none
Tamaulipas 5/03	4½	6½
Tamaulipas 5/06	4½	6½
Veracruz 5/02	4½	6½
Mexican Central Ry. Co., Ltd. 5/89-39	4⅞	5⅞
Pan. Am. RR. of Mexico 5/07-37	4¾	none

"Throughout the month of May, 1942, the most remarkable turnover and price developments took place in National RR. of Mexico 4½% 1926 bonds, and in our opinion the writer of the article in question should have mentioned:

a) That all the above listed Mexican issues, including those mentioned by us but not mentioned in your article, (are) are included in the so-called De La Huerta-Lamont Agreement of 1922-23, which is administered by the International Committee of Bankers on Mexico;

b) That National RR. of Mexico 4½% 1926 bonds have an additional feature, outside of being 'assented' under the De La Huerta-Lamont Agreement, in so far as they are secured also by a lien subject to existing mortgage on the Texas-Mexican Railway, situated entirely within the U. S. territory, by reason of deposit with the trustee, the Central Hanover Bank & Trust Company, of the entire issue of first 7% bonds of Corpus Christi, San Diego, Rio Grande narrow gauge Railway Co.; of Texas Mexican Railway Co. first 6% Railway bonds; and of $2,495,000—out of $2,500,000—capital stock of Texas-Mexican Railway Co."

In connection with the foregoing, Standard & Poor's Corp. is said to have made the following observations, at the request of one of our subscribers:

". . . Complying with your telephonic request of May 27, we are pleased to give you herewith a brief review of the National Railroad Co. of Mexico Prior Lien 6s, 1-1-33, with particular reference to the possibility of an interest disbursement on this issue.

According to the Central Hanover Bank & Trust Co., trustee for this issue, it currently holds approximately $125,000 of cash under the mortgage. Also, because of the improvement in earnings of the Texas Mexican Railway, (all of those bonds and stocks are pledged under the subject obligation), an interest disbursement is contemplated on such pledged bonds of about $150,000, which after allowing for the 27½% U. S. Government withholding tax levied on interest paid on foreign securities, would net the trustee about $108,750. If this payment is made, it would bring the trustee's cash holdings to roughly $233,750.

As to an interest disbursement on the Prior Lien 6s, 1933, our contact would make no definite statement, but intimated that if the additional cash mentioned above is received, the trustee might consider a payment. On the basis of the $233,750 cash indicated, a disbursement of about $10 per $1,000 bond would be possible.

The Texas Mexican Railway reported $319,155 income available for fixed charges in 1941, up from $97,365 in 1940; and for the initial 1942 quarter, earnings available for charges recorded a further gain to $111,371, from $56,321. Cash and cash items of the road as of Mar. 31, 1942, amounted to $425,940, more than double year-earlier resources, while current assets of $839,560 compared with current liabilities of $348,437. Thus, this Texas line appears to be in a favorable position to make the cash disbursement in question. . . . ", which, we believe, will explain sufficiently the activities in this particular issue throughout May, 1942.

A few days ago an article in the financial section of the New York "Times" mentioned that the London Stock Exchange "greeted Mexico's entry into the war as an ally of the United Nations with registering very much higher prices for the various Mexican securities listed in London."

LONDON STOCK EXCHANGE QUOTATIONS

	May 1, '42	June 1, '42
Mex. Govt. 6/13-33	8½—9½	12¼—13
Mex. Govt. 5/99-45	9 —9¾	12¾—13¼
Mex. Govt. 4/10-45	7½—8½	9¾—10½
Mex. Govt. 4/04-54	7½—8½	9¾—10½
Mex. Govt. Irrig. 4½/43	7¾—8¾	9½—10½
Natl. RR. Mex. 4½/26	7½—8	8½— 9½
Natl. RR. Mex. 4/51	4½—5½	6½— 7½
Natl. Rys. Mex. 4½/57	6 —6½	7½— 8

(Continued on page 2205)

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Three With Pasadena Corp.

(Special to The Financial Chronicle)

PASADENA, CALIF. — Keith Westbrook Nusbaum, John Curtis Wilfong, and Roland Yoder have become associated with Pasadena Corporation, 234 East Colorado Street. All were formerly with the local office of Conrad, Bruce & Co.

Cyrus Peirce Now With Hill, Richards & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Cyrus Peirce has become associated with Hill, Richards & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Peirce formerly for many years conducted his own business as investment counsel.

To Be Cgo. S. E. Member

CHICAGO, ILL. — Application has been posted for the transfer of a membership in the Chicago Stock Exchange to Walter R. Brailsford, Brailsford, Rodger & Co., Chicago.

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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

NEW YORK CITY—**Harold J. Cone** and **Fred W. Reed**, formerly of Burr & Co., are now with **Amott, Baker & Co., Inc.**, 150 Broadway.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Harry S. Allen** has become associated with **Thompson Ross Securities Co.**, 39 South LaSalle St. Mr. Allen was formerly with Straus Securities Co. and Bond & Goodwin, Inc., of Illinois.

(Special to The Financial Chronicle)

CINCINNATI, O. — **Gilbert A. Davis** and **Maxwell W. Fuller** have become affiliated with **W. E. Hutton & Co.**, First National Bank Building. Mr. Davis was formerly connected with Dominick & Dominick for many years.

(Special to The Financial Chronicle)

CLEVELAND, O.—**Frederic W. Staffeld** has rejoined the staff of **McDonald-Coolidge & Co.**, Union Commerce Building.

(Special to The Financial Chronicle)

DENVER, COLO. — **Hugh C. Pearson** is now connected with **Bosworth, Chanute, Loughridge & Co.**, Security Building. He was previously with R. G. Bulkley & Co. for ten years.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Charles E. Frankel, Jr.**, **Esther R. Heyne**, and **Margaret Sheedy** have joined the staff of **H. R. Baker & Co.**, Bank of America Building. Mrs. Heyne was previously with Bankamerica Company.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**John R. James, Jr.**, formerly with Cavanaugh, Morgan & Co., has become connected with **Thomas Kemp & Co.**, 210 West Seventh St.

(Special to The Financial Chronicle)

NEW BRITAIN, CONN. — **Arthur J. Marieni** is now with **Tifft Brothers**, 125 Pearl St., Hartford, Conn. Mr. Marieni was formerly with the New Britain office of Goodbody & Co.

(Special to The Financial Chronicle)

OAKLAND, CALIF.—**Madison Lee Howell**, previously wih E. F. Hutton & Co., has been added to the staff of **Wilson, Johnson & Higgins, Inc.**, Central Bank Building.

PHILADELPHIA, PA. — **Reynolds & Co.**, 1500 Walnut St., announce the association with them in their investment department of **Otto Rothe** and **Lewis W. Woodland.** Mr. Woodland was formerly with F. P. Ristine & Co.

(Special to The Financial Chronicle)

POMONA, CALIF.—**Charles B. Ewing** has become affiliataed with **Pacific Company of California**, 623 South Hope St., Los Angeles. Mr. Ewing was previously with the Pomona office of Merrill Lynch, Pierce, Fenner & Beane and was with Crowell, Weedon & Co.

Klein In New Quarters

Contrary to the present trend in Wall Street, M. F. Klein Co. announce the removal of their offices from the third floor to larger quarters, which were formerly occupied for many years by Zimmermann & Forshay, on the second floor at 170 Broadway, New York City.

Milton F. Klein continues as sole proprietor of the firm and has associated with him Rudy Klein, Office Manager; William N. Portnoy, Sales Manager, and Edward Ruskin, Manager of the Trading Department.

Last year M. F. Klein Co., as underwriters, marketed 65,000 shares of the Phillips Pump & Tank Co. Class A stock and also 65,000 shares of Moline Pressed Steel Corp. Class A. At the present time both of these companies are engaged in extensive war work.

Next month Mr. Klein and his associates will celebrate the firm's second anniversary.

N. E. G. & E. Interesting

The New England Gas & Electric Association's earnings trend, tax situation, possibility of tax relief, and outlook for debentures are discussed in a four-page report by Bond & Goodwin, Incorporated, 63 Wall Street, New York City. Copies of the report may be had from Bond & Goodwin upon request.

Insured Investment For Investors And Trustees

The Fulton County Federal Savings and Loan Association, Ground Floor Trust Co. of Georgia Building, Atlanta, Ga., will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings and Loan investments full particulars. Current dividend rate of 3½% per annum.

In Armed Forces

John Hayward, member of the St. Louis Stock Exchange and a partner in Harry Hall Knight & Co. of St. Louis, has been commissioned a Captain in the United States Army.

C. Wickham Moore of Smith, Moore & Co., 509 Olive Street, St. Louis, Mo., is serving with the United States Army.

Dwight C. Rose, President of the Investment Counsel Association of America and a partner of Brundage, Story and Rose, New York City, has retired temporarily from that firm to accept a commission as Lieutenant in the United States Navy.

Frederick F. Johnson, Vice President and Manager of the Chicago branch office of Brown, Bennett & Johnson, has been commissioned a Lieutenant in the U. S. Navy and will be stationed at the U. S. Naval Air Station, Quonset Point, Rhode Island. The firm has closed its Chicago office.

Lebenthal Goes Fishing

Louis S. Lebenthal, of the Odd Lot Muncipal Bond firm of Lebenthal & Co., 135 Broadway, New York City, has left for a fishing trip in New Brunswick.

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Chicago Committee For Victory Fund

Another step in completion of plans to support the war financing work of the Treasury was taken in the Seventh (Chicago) Federal Reserve District on June 2, with the announcement by C. S. Young, President of the Federal Reserve Bank, that the Secretary of the Treasury had approved the appointment of Francis F. Patton as Executive Manager of the Victory Fund Committee for this district. Mr. Young stated that Mr. Patton, Vice-President of the A. G. Becker & Co., Inc., Chicago investment house, had been granted a leave of absence by his firm to accept the position. Mr. Patton is to take charge immediately, with headquarters in the Federal Reserve Bank Building.

The Seventh District Committee, of which Mr. Young is Chairman, consists of 10 commercial bankers and 8 investment bankers. It is one of 12 such committees which will be used in connection with Treasury financing, other than war savings issues.

Commercial Bankers

Edward E. Brown, President, First National Bank of Chicago; Philip R. Clarke, President, City National Bank & Trust Co. of Chicago; Walter J. Cummings, Chairman, Board of Directors, Continental Illinois National Bank & Trust Co. of Chicago; Howard W. Fenton, President, Harris Trust & Savings Bank, Chicago; Herbert L. Horton, President, Iowa-Des Moines National Bank & Trust Co.; William G. Irwin, President, The Indiana National Bank of Indianapolis; Walter Kasten, President, First Wisconsin National Bank, Milwaukee; Walter S. McLucas, Chairman, Board of Directors, National Bank of Detroit; Solomon A. Smith, President, The Northern Trust Co. of Chicago; Lawrence F. Stern, President, American National Bank & Trust Co. of Chicago.

Investment Bankers

Robert W. Baird, The Wisconsin Co., Milwaukee; Emmett F. Connely, First of Michigan Corp., Detroit; Paul H. Davis, Paul H. Davis & So., Chicago; Charles F. Glore, Glore, Forgan & Co., Chicago; Edward B. Hall, Harris Hall & Co., Chicago; Francis F. Patton, A. G. Becker & Co., Chicago; Harold L. Stuart, Halsey, Stuart & Co., Inc., Chicago; Jay N. Whipple, Bacon, Whipple & Co., Chicago.

An Executive Committee, consisting of six men with extensive experience in the securities business, consists of the following: Robert W. Baird, The Wisconsin Co., Milwaukee; Philip R. Clarke, President, City National Bank & Trust Co. of Chicago; Edward B. Hall, Harris Hall & Co., Chicago; Lawrence F. Stern, President, American National Bank & Trust Co. of Chicago; Harold L. Stuart, Halsey, Stuart & Co., Inc., Chicago; Jay N. Whipple, Bacon, Whipple & Co., Chicago.

Mitchel, Whitmer Co. To Admit A. Preston

Alfred I. Preston will shortly become a partner in Mitchel, Whitmer, Watts & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, and will act as alternate on the floor of the Exchange for Ormsby M. Mitchel, Jr. Mr. Preston was formerly a partner in Winthrop, Mitchell & Co.

A. M. Kidder Outing

The partners and employees of A. M. Kidder & Co., members of the New York Stock Exchange, held their 77th Annual Outing Saturday, June 6, at the Timber Point Country Club, Long Island.

Chicago Stock Exch. Appoints Committees

CHICAGO, ILL.—At the annual organization meeting of the Board of Governors of the Chicago Stock Exchange held June 4, Arthur M. Betts, Alfred L. Baker & Co., who was recently re-elected Chairman of the Board for the fifth consecutive time, appointed the following standing and special committees to serve for the ensuing year, which were confirmed by the Board:

Executive:—Emmet G. Barker, Chairman, James E. Bennett & Co.; R. Arthur Wood, Vice-Chairman; F. Fletcher Garlock, F. D. Moseley & Co.; Homer P. Hargrave, Merrill Lynch, Pierce, Fenner & Beane; and Harry M. Payne, Webster, Marsh & Co.

Admissions:—T. Clifford Rodman, Chairman, Shields & Co.; Alfred E. Turner, Vice-Chairman; Walter J. Buhler; Ralph Chapman, Farwell, Chapman & Co.; and D. Dean McCormick, Kibbon, McCormick & Co.

Finance:—James A. Cathcart, Chairman, Harris, Upham & Co.; Walter J. Buhler, Vice-Chairman; M. Ralph Cleary, Cleary & Company; Thomas E. Hosty, Sincere & Co.; and Charles R. Perrigo, Hornblower & Weeks.

Floor Procedure:—Hugh H. Wilson, Chairman; John C. Stewart, Vice-Chairman, Hixon, Stewart & King; Lyman Barr, Paul H. Davis & Co.; William W. Haerther; Elmer A. Kurzka, Fred W. Fairman & Co.; Frederick J. Stannard; John E. Wheeler, Hicks & Price.

Judiciary: — Reuben Thorson, Chairman; Thomas E. Hosty, Vice-Chairman; John J. Bryant, Jr., James H. Oliphant & Co.; Joseph P. Brown; and Morton D. Cahn.

New Business and Public Relations:—Roy E. Bard, Chairman, Clement, Curtis & Co.; M. Ralph Cleary, Vice-Chairman; Leo M. Apgar, Apgar, Daniels & Co.; Irving E. Meyerhoff; Alger Perrill, Alger Perrill & Co.

Special Committee on Commission Schedules: — George E. Barnes, Chairman, Wayne Hummer & Co.; Thomas E. Murchison, Vice-Chairman, Paul H. Davis & Co.; Clarence J. Bridgen, Paine, Webber & Co.; Joseph E. Dempsey, Dempsey-Detmer & Co.; and Charles R. Perrigo.

Mr. Betts also announced the reappointment of the four present advisors: Messrs. Sheldon Clark, Charles Y. Freeman, Lee Higginson Corp., Edward B. Hall, Harris, Hall & Co., and Bentley G. McCloud. Mr. Clark has been an advisor of the Board since inception of the plan to invite non-members to serve in such capacity in 1937.

Kenneth L. Smith was re-elected President, Sidney L. Parry and C. Russell Bergherm were reappointed Vice-Presidents, Walter R. Hawes was renamed Secretary and Carl E. Ogren, Assistant Secretary.

William F. Black was advanced from Assistant Treasurer to Treasurer to succeed Martin E. Nelson, who was named Treasurer Emeritus. Charles T. Atkinson was reappointed Secretary Emeritus.

Mr. Nelson, who has served the Exchange for 39 years, will continue as an active member of the staff in an advisory capacity.

Jess Halsted, of Scott, MacLeish & Falk, was reappointed Counsel.

Condon Opens Office For Van Ingen in Chgo.

CHICAGO, ILL.—The municipal bond firm of B. J. Van Ingen & Co., Inc. of New York and Miami, announces the opening of a Chicago office at 135 South La Salle Street, under the management of Raymond V. Condon, formerly a Vice-President of V. P. Oatis & Co., Inc. of Chicago, and prior thereto for many years with Blair Securities Corp. and Bancamerica-Blair Corp.

Tomorrow's Markets Walter Whyte Says—

Recent strong market fed by Midway naval battle news. Present outlook calls for minor setbacks from which new strength can come.

By WALTER WHYTE

It looks like the news of the successful raids over Germany and German held territory wasn't dynamic enough to set this market off. It needed some news a little closer to home to get it going. Well, it got it—the Jap attack on Midway and its rout by our forces. At this writing complete details of the attack are not available but enough is already known to make it good news indeed.

* * *

In any case the market taking its cue from it did start up after just a few hours of hesitation. True, little of this rally has had the explosive quality we would all like to see. But in these days of slim pickings, when even meager rallies die aborning, it's something to look on with some satisfaction.

* * *

From Washington the news continues to be one of those things. Congress, mindful of election, put on another display of "independence." The House voted to give the men in the armed forces $50 a month. The Senate committee said $46. Then the Senators insisted the whole thing be brought to the floor and voted upon. Right away our courageous Senate, realizing that its vote would become part of the public record (and who knows what with election coming up they might not be sent back to get special gas ration cards), stood up and said, okay, fifty bucks it is.

* * *

I think the men fighting and perhaps dying are worth more than a windy Congress seems willing to give them. But that isn't the point. The point is that behind a curtain of anonymity of committees our elected representatives, these guardians of our liberties, are perfectly willing to do one thing. But let the proceedings become public and the whole thing changes. Courage! Independent thinking! What a joke!

* * *

Of course salaries to men in the service or regular payments to their dependents have little to do with the market. But it is a clue to what Congress will do if it ever gets around to acting on taxes which have a lot to do with business and the market that reflects its state. It seems to me that if Congress has the courage to act only when the glare of full publicity on individual votes is on it, then by all means take the tax bill out of committee and place it on the floor in open debate so that we may all know how every Cngressman and Senator voted.

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Meanwhile the market is not saying, as some people claim, that the war is about over and a peace is closer than we believe. I think it is saying something entirely different. It is saying that at long last instead of optimistic and assuring statements from on high, actual events that can only be determined on the field of battle, are coming true. Slowly but surely we are turning the tide against the enemy. And that is cause for rejoicing. The only place where we are still getting it in the neck is off the Atlantic Coast.

* * *

Still, the market, a balancer of the news, good, bad or indifferent, surveys the immediate picture with optimism. It seems to be saying that having all known news at hand the outlook is no longer as dark as it was on, and shortly after, December 7th.

* * *

This doesn't mean that the market will now go straight up; markets don't act that way, but it does mean that the lows of last April need not be tested again to assure the belief of an advancing market. On the contrary if such lows are even threatened mildly the picture will have completely changed.

* * *

Of course this being a market subject to the vagaries of news and rumors wilder than most, it will go down again, but I don't think that a de-

(Continued on page 2204)

Hirsch-Lilienthal To Admit

Louis A. Mollard will shortly be admitted to partnership in Hirsch, Lilienthal & Co., 25 Broad Street, New York City, members of the New York Stock Exchange and other Exchanges. Mr. Mollard will act as alternate on the floor of the New York Stock Exchange for Daniel T. Pierce, Jr.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜; low—14¾; last 34½.

Position of Certain Underlying Mortgage Liens of the Missouri Pacific System

Circular on Request

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York
Telephone—DIgby 4-4933 Bell Teletype—NY 1-310
RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The Southern Pacific Secured 3¾s, 1946, continue to attract a considerable investment following, and railroad bond men have been pointing to their recent excellent market action in contrast to general uneasiness in the rail list. With other obligations of marginal carriers fading consistently away to new low levels, the Southern Pacific 3¾s receded only a few points. This firm underlying tone may be traced to a growing confidence on the part of the investing public that, regardless of its longer term prospects with a return to a peace economy, Southern Pacific will be able to meet this near term maturity. Furthermore, the public buying is presumably being augmented by additional purchases by Southern Pacific and its wholly owned subsidiaries. On a quality basis, and in the event of reorganization of the obligor, the Secured 3¾s could hardly be placed in the same class with the better Southern Pacific mortgages due to the questionable nature of some of the underlying security collateral. Under present conditions, and with the belief growing that the war may be of shorter duration than formerly expected, the question of quality and probable reorganization status exerts only a minor market influence.

There is not a major border line carrier that has benefited so dynamically from the business upturn and transportation dislocations arising from the war as has Southern Pacific. Large cantonments in the service area, expansion in the aircraft industry on the west coast, establishment of new industries to manufacture armaments, the urgent shipbuilding program, etc. have all been important contributary causes to the record volume of Southern Pacific's freight business. More important from an operating standpoint, have been the sharp drop in steamship competition and the unusually heavy movement of goods westward since the opening of the Pacific war. The former has brought profitable long-haul traffic back to the rails while the latter has brought a healthy balance of traffic. Normally freight movement in the area is predominantly eastward with a large empty car movement west. To bring the cars back with a revenue load rather than empty involves relatively little extra expense.

Even those visualizing a short war admit the probability that Southern Pacific's business will remain at high levels throughout 1943 at least. The heavy submarine toll of shipping and the probable need for a large steamship tonnage for foreign service in the opening stages of the postwar period minimize the possibility of a near term resumption of serious intercoastal competition. Also, many of the new industries established and being established under the urgency of war needs may be considered permanent accretions to the economy of Southern Pacific's territory. With a high level of earnings now established and presumably in prospect for another year and a half at least, the main concern of investors is the use being made of the profits. On this question the management of Southern Pacific may point with pride to its own activities during the past year and a half.

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Exclusive of equipment trust obligations Southern Pacific and its wholly owned subsidiaries purchased or retired a total of $34,441,500 face value of debt. Bank and RFC loans, which totaled $39,800,000 at the beginning of the year, were reduced to $15,000,000 represented by a serial bank accommodation. This has been reduced to $3,750,000 by prepayments so far in 1942 and should be entirely eliminated in a month or so. The bond purchase program reduced the amount of the 1943 maturities outstanding with the public to $8,727,000 and the 1946 maturities to $64,904,000. Of the latter amount, $52,308,000 represented the Secured 3¾s. Aside from the regular serial equipment maturities, which are more than covered by depreciation, the company has no other bonds to meet until 1949. It is expected, therefore, that future bond reduction programs will be concentrated on the 1943 and 1946 problems.

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AMERICAN MADE MARKETS IN CANADIAN SECURITIES

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On the basis of results to date and the excellent prospects over the balance of the year, it is estimated that Southern Pacific may realize net income of perhaps $50,000,000 in 1942. Considering the excellent financial condition, it is probable that some $45,000,000 of such earnings could be utilized for debt retirement. After allowing for the $15,000,000 bank loans outstanding at the beginning of the year, this would leave $30,000,000 for bond purchases. This would provide for the entire 1943 maturities with a balance of more than $21,200,000 for 1946 maturities. Applied to the purchase of the 1946 maturities at an average price of 90 (they have sold well below that in the year to date) this would be sufficient to reduce the aggregate of 1946 maturities to $41,300,000. Even with a drop in 1943 earnings below the indicated 1942 level, this balance could be practically, if not entirely, eliminated by the end of next year. The company would then have a breathing spell of some six years to prepare for its next maturities.

Derickson Lieutenant

PHILADELPHIA, PA.—John H. Derickson, Jr., formerly in charge of the Municipal Department of E. H. Rollins & Sons, Inc., has been commissioned a First Lieutenant in the Ordnance Department of the United States Army.

Newburger-Hano To Admit

John F. Clark will become a partner in Newburger & Hano, members of the New York and Philadelphia Stock Exchanges. He will act as alternate on the floor of the Exchange for Harry Grabosky and will have his headquarters at the firm's New York office at 39 Broadway.

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DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 145
Common Dividend No. 129

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending June 30, 1942, and a dividend of 10¢ per share on the Common Stock have been declared. Both dividends are payable July 1, 1942, to holders of record June 11, 1942. The stock transfer books will remain open.

J. P. TREADWELL, JR.
May 27, 1942 *Secretary*

a.c.f.

AMERICAN CAR AND FOUNDRY COMPANY

30 CHURCH STREET
NEW YORK, N. Y.

There has been declared, out of the earnings of the fiscal year ended April 30, 1942, a dividend of one and three-quarters per cent (1¾%) on the preferred capital stock of this Company, payable July 1, 1942 to the holders of record of said stock at the close of business June 19, 1942.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *President*
HOWARD C. WICK, *Secretary*
June 4, 1942

ALLIS-CHALMERS MANUFACTURING COMPANY

Common Dividend No. 72

A dividend of twenty-five cents ($0.25) per share on the common stock, without par value, of this company has been declared, payable June 30, 1942, to the stock holders of record at the close of business June 15, 1942.

Transfer books will not be closed.
Checks will be mailed.

W. E. HAWKINSON
June 4, 1942.

HOMESTAKE MINING COMPANY

Dividend No. 854

The Board of Directors has declared dividend No. 854 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable June 25, 1942 to stockholders of record 12:00 o'clock Noon, June 20, 1942.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, Secretary.
June 2, 1942.

New York & Honduras Rosario Mining Company

120 Broadway, New York, N. Y.

June 10, 1942.

DIVIDEND NO. 259

The Board of Directors of this Company, at a meeting held this day, declared an interim dividend for the second quarter of 1942, of Forty Cents ($.40) a share on the outstanding capital stock of this Company, payable on June 27th, 1942, to stockholders of record at the close of business on June 17th, 1942.

WILLIAM C. LANGLEY, Treasurer.

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

June 5, 1942

THE Board of Directors on June 3rd, 1942 declared a dividend at the rate of 50c. per share on the outstanding Common Stock of this Company, payable on the 30th day of June, 1942 to stockholders of record at the close of business on the 19th day of June, 1942. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

THE NEW YORK TRUST COMPANY

100 Broadway

The Board of Trustees has this day declared a quarterly dividend of 3½% ($0.87½ per share) on the Capital Stock of the Company, payable July 1, 1942, to stockholders of record at the close of business on June 20, 1942. The transfer books will not close.

HARRY F. LITTLEJOHN, Secretary
New York, June 9, 1942

DIVIDEND NOTICES

THE TEXAS COMPANY

159th Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on July 1, 1942, to stockholders of record as shown by the books of the company at the close of business on June 5, 1942. The stock transfer books will remain open.

L. H. LINDEMAN
May 26, 1942 *Treasurer*

UNITED FRUIT COMPANY

DIVIDEND NO. 172

A dividend of one dollar per share on the capital stock of this Company has been declared payable July 15, 1942 to stockholders of record at the close of business June 13, 1942.

LIONEL W. UDELL, Treasurer

THE UNITED STATES LEATHER CO.

A dividend of $7.75 per share on its Prior Preference stock to apply on account of dividends in arrears on this date has been declared by the Board of Directors of this Company, payable July 1, 1942 to stockholders of record June 19, 1942.

C. CAMERON, Treasurer.
New York, June 8, 1942.

WESTERN TABLET & STATIONERY CORPORATION

Notice is hereby given that a dividend at the rate of $.50 per share on the issued and outstanding shares without par value of the Common Stock of Western Tablet & Stationery Corporation has been declared payable on June 30, 1942, to the holders of record of such shares at the close of business on June 19, 1942.

E. H. BACH, Treasurer

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held June 10, 1942, declared a dividend for the second quarter of the year 1942 of 50c a share on the Common Stock of Underwood Elliott Fisher Company, payable June 30, 1942, to stockholders of record at the close of business June 20, 1942.

Transfer books will not be closed.

C. S. DUNCAN, Treasurer

AMERICAN MANUFACTURING COMPANY

Noble and West Streets
Brooklyn, New York

The stock record books of the American Manufacturing Company will be closed for the purpose of transfer of stock on June 20th, 1942 until July 1st, 1942. Directors' Meeting will be held on Friday, June 19th, 1942.

ROBERT B. BROWN, Treasurer.

Utility Equities Look Good

Goodbody & Co., 115 Broadway, New York City, has made available through its various offices a special study of the utility industry. An extensive research indicated that certain utility equities now offer both liberal yield and appreciation possibilities, the study states. A detailed table is presented showing that the total market value of the securities of certain utility companies is well below book values, even though such book values are computed on a very conservative basis. Additionally, the market values of certain companies are shown to be below the historical construction costs as computed by the new yardsticks recently developed by the Federal Power Commission. Probable earnings for 1942 are shown based on various tax assumptions, and estimates are made as to likely dividends and yields based on the indicated earnings.

Copies of the study may be had upon request from Goodbody & Co.

FINANCIAL NOTICE

WARNER COMPANY

PLAN OF EXTENSION

(DATED MAY 15, 1942)

First Mortgage 6% Sinking Fund Bonds

In the event any bondholder has not received a copy of the Plan, please notify the undersigned promptly.

ALFRED D. WARNER, JR., Treasurer
219 N. Broad St., Philadelphia

Bank and Insurance Stocks

This Week—Insurance Stocks

Just how much of a "war hedge" are insurance stocks? Judging from recent trend of inquiries, it appears that investors have been over-anticipating the results to be expected from insurance stocks in wartime, and it is up to the dealer to temper the disappointment as investors read of increasing losses, Government war risk insurance, reduction in automobile insurance volume, higher taxes and possibility of reduced dividends because of lower investment income.

To be a perfect wartime hedge, an equity security should be in a position to show gains in volume and earnings, despite higher wartime operating costs, thus making possible higher dividends to offset the increased cost of living of investors. The decision, however, to finance this war through a combination of very high taxes and a controlled economy so as to hold down the danger of inflation has had the effect of leaving very few, if any, equity securities which can approach this ideal of a wartime hedge.

Consequently, equity securities today are only wartime hedges in a relative sense—in so far as one type of stocks affords a better hedge than another type. Insurance stocks are entitled to come under the heading of stocks which afford a better than average wartime hedge.

On this matter of taxes, for example, the most important single factor affecting equity securities today, insurance stocks are in a better than average position. True, they are not immune from high taxes—no segment of industry is; but they possess a high degree of exemption from an onerous load of taxation. As institutional investors, insurance companies are entitled to a credit of up to 85% of adjusted net income, on income received from corporate dividends, for both normal tax and surtax purposes. For excess profits tax purposes, the majority of insurance companies use the average earnings alternative (95% of 1936-1939 average earnings), which affords them a high exemption base, inasmuch as underwriting profits by a combination of favorable circumstances were unusually good in those years. As far as direct taxation is concerned, therefore, insurance stocks are not in a crushing tax position.

Indirectly, however, taxes also hit insurance companies at the paying end of income from their securities. Faced with lower net after taxes this year and the uncertainties of early termination of the war, corporations are going to have less and be less inclined to declare dividends this year. This would mean lower investment income for insurance companies. Two factors offset this, however: (1) Interest income from bonds will not be affected at the paying end by taxes, and thus will be stable for insurance companies; (2) The continued increase in volume of premiums written creates a large inflow of new money for investment by insurance companies, the investment of which under present conditions is being placed in Government and other high grade bonds, thus creating larger income of a stable type to offset the loss in income resulting from reduced dividends on stockholdings.

On this matter of increased volume in wartime, the insurance industry is not under the necessity experienced by other lines of conversion into purely wartime production for the duration, thus leaving for an unsettled post-war period the painful process of reconversion back to normal production. Wartime increases the demand for insurance protection in a great variety of ways—plant expansion and defense projects, increased production of "capital goods" such as machinery and equipment to increase manufacturing capacity, expanded output of finished goods, larger volume of inventories and shipments both en route and in warehouses, larger payrolls, and the rise in the price level, which necessitates increase in insurance to cover larger insurable values, etc. For 1941, on increases of 15% apiece, fire and casualty insurance companies reached the billion dollar mark in premiums written, and while a more moderate increase appears likely for 1942, a favorable volume outlook exists for the duration.

But what of Government insurance? The Government has not invaded the regular field of insurance volume, its aim being to take over lines such as war damage and ocean marine hull insurance, which cannot be underwritten on actuarial principles by private companies. In fact, in writing war damage insurance, the Government's War Damage Corporation will do the business entirely through the insurance companies, which will act as fiduciary agents for the Government corporation. The insurance companies have agreed to assume 10% of any deficit and participate in 10% of any profits up to a maximum of $20,000,000 on this business.

Granted that premium volume is increasing, are not losses increasing also? Rising losses are usual as an accompaniment to higher premium volume. This is especially true at this time, because of the all-out production effort which increases the exposure to losses. The aggregate increase in losses, however, is not as important as their ratio to the larger earned premiums. Such ratios have risen moderately and may continue to rise, but the other element in underwriting profits, the expense ratio, has fallen as the increased premium volume has been done at a lower expense ratio. Thus far, the reduction in expense ratios has offset the rise in loss ratios, thus preserving underwriting profit margins. If ultimately necessary, of course, insurance rates could be adjusted to reflect more unfavorable loss experience, as State regulation is based on an enlightened policy of allowing adequate rates based on actual loss experience. For the duration, therefore, underwriting operations should continue "in the black."

Being institutional investors and with the larger portion of their liquidating values dependent upon fluctuating market values of securities, insurance stocks must inevitably reflect the tides and trends of the general security market. Investors, therefore, should not reasonably expect insurance stocks to outstrip the general market, although it is true nevertheless that they have shown better stability on the declines than the general market. Because of their normally high ratio of ploughed back earnings, resulting in compounded increase in liquidating values, insurance stocks do, if held over a period of years, afford better than average investment results.

Despite higher taxes and adverse effect on investment income, wartime as outlined above should not, therefore, occasion any reduced regard for insurance stocks as investment media.

Central-Penn National Bank
Corn Exchange Nat'l Bk. & Tr. Co.
Fidelity-Phila. Trust Co.
Girard Trust Co.
Penna. Co. for Ins. on Lives etc.
Philadelphia National Bank
Phila. Transportation Co.
3-6s 2039, Pfd. & Common

H. N. NASH & CO.

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Phila. Phone Locust 1477 — *New York Phone* HAnover 2-2280
Teletype PH 257

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Incorporated by Royal Charter 1727

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Branches throughout Scotland

LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital ________ £8,780,000
Reserve Fund __________ 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1941 __________ £150,939,354

SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

Scrap Rubber Drive Announced By President

President Roosevelt announced on June 9 that a nation-wide campaign to collect scrap rubber will soon be started to actually determine how much is available. The President told his press conference that the campaign would take about two weeks, indicating that it would be voluntary if the people fully cooperated otherwise it would be compulstory. Mr. Roosevelt explained that estimates on the available supply of scrap rubber differ widely and that no two reports agreed. He further said that if the lowest estimates are correct the situation is serious and that if the highest estimates are right then the situation from a military viewpoint is not so grave but in either event there is still a rubber shortage.

With respect to the gasoline problem, the President advised motorists in those areas where the supply is plentiful to reduce nonessential driving in half and to drive slowly to conserve tires. He added that the rubber and gasoline situations should not be confused. Mr. Roosevelt gave no inkling as to whether gasoline rationing would be extended from the Eastern seaboard States to the rest of the country but it is understood that this matter will be finally determined within two weeks when studies now being made are expected to be completed.

The Securities Salesman's Corner

The Law Of Compensation Is Still Working!

In these days of managed money, managed businesses, managed prices, managed goods and managed lives, maybe the few bond salesmen still left in this country can talk together for a short spell on this much discussed subject. At least, we have known something about bureaucratic regimentation for quite a few years now, whereas the rest of the country is just beginning to catch on.

First of all, we'd like to put it this way—a salesman knows one thing if he knows little else—you can't get something for nothing. Everything, in other words, has its price. One thing above all else that any successful salesman will tell you, is, **You Can't Manage Away the Old Law of Compensation.** It's as true today as when the great Emerson wrote his soul-searching essay on the subject and despite all the managers in creation, this law stands supreme above all the efforts to nullify its effects. It cannot be managed out of existence. Get too many managers and you have confusion. Get too much book learning and you won't have enough "life learning." Give any man or group of men too much power and it will make jackasses out of them. Put the screws on the financial world so tightly, as has been done in the City of New York, and finally business goes away from the city, taxes drop, real estate values shrink, and eventually a Socialist Mayor who has been a tireless enemy of Wall Street for years, begins to scratch his head and worry nights as to what must be done to bring business back to the city he has helped to ruin. Emerson was right, for every good there is a bad, for day there is night, for work there is rest, for every hardship there is a new strength, for idleness there is weakness, for every gain a loss—every tide that comes in must go out—this is the law of life and it will stand when all the foolish bureaucrats that now infest and infect every nook and cranny of our national life are long disposed of and forgotten.

And what is the lesson for those of us who still elect the old-fashioned, hard, American way, of private competition and private endeavor as against the scholarly schemes of the bureaucrats who now control our economic life. That lesson is plain as day. That lesson says to us, stick to your bond selling. Stick to your jobs. The longer these planners plan, the sicker our people will finally become over the whole snarled-up mess. The longer they plan the greater will be the pent-up forces against them. The greater these forces the more complete will be our eventual liberation.

Every evil has its good—so goes the law. Even today, as more and more firms are forced to go out of business, those houses and their salesmen that somehow stick it out will find that their own competition becomes less, thereby evening up the dwindling supply of existing business. This is not the time to quit. This is the time to stick.

Probably no better way to end this little piece could be found than to quote the following paragraph from that great essay: "Human labor, through all its forms, from the sharpening of a stake to the construction of a city or an epic, is one immense illustration of the perfect compensation of the universe. The absolute balance of Give and Take, the doctrine that everything has its price—and if that price is not paid, not that thing but something else is obtained, and that it is impossible to get anything without its price—is not less sublime in the columns of a ledger than in the budgets of States, in the laws of light and darkness, in all the actions and reactions of nature. I cannot doubt that the high laws which each man sees implicated in those processes with which he is conversant, the stern ethics which sparkle on his chisel edge, which are measured out by his plumb and foot rule, which stand as manifest in the footing of the shop bill as in the history of a State—do recommend to him his trade, and though seldom named, exalt his business to his imagination."—Emerson.

If this is the way we regard our chosen vocation as securities men, then all the planners and managers in creation can come, and then, they will will go. But we will go on. long after.

IBA Governors Vote Reduction In Dues

At its recent Spring Meeting at Rye, N. Y., the Board of Governors of the Investment Bankers Association of America decided, among other things, to propose a reduction in members' dues, to expand its efforts in promoting the sale of government securities and to continue to press for amendments to the Securities Acts. This was disclosed on June 4 in a letter sent to IBA members by John S. Fleek, President of the Association. The Governors' meeting was held May 22-24.

The decisions of the Board affecting internal operations were listed as follows in Mr. Fleek's letter:

To continue and further the program of rigid economy initiated in January. Already, as of April 1, by voluntary action of the principal members of our staff, a reduction of over 20% in the salary overhead was effected and one staff member reduced his salary by over 30%. At the same time the Chairman of the Public Information Committee voluntarily reduced his salary by 35%. On an annual basis, the aggregate of these reductions amounts to more than $22,000.

To accept your President's proposal that his salary, as Chairman of the Public Information Committee, be discontinued entirely as of May 31. I intend, however, to give the Association work all the time it requires, even if this means full time, as it has up to June 1.

To reduce dues for the ensuing fiscal year beginning Sept. 1, 1942, subject to convention vote on an amendment to the by-laws, as follows:

Class A, from $200 to $175;
Class B, from $150 to $125;
Class C, from $100 to $75.

To make no further calls on the subscriptions to the Public Information Program and to release all subscribers from further liability. After settling current commitments, the balance of the funds on hand (about $30,000 at this time) is, if required and at the discretion of the President, to be available for the Association's participation in the war effort.

To propose an amendment to the by-laws at the October convention to eliminate the minimum capital requirement of $25,000 on the part of applicants for membership.

To propose an amendment to the constitution for the creation of an Executive Committee, consisting of the President, the five Vice Presidents, and the last Past President, its general function being to make decisions on any matters requiring prompt action arising between Board meetings and conventions.

To propose an amendment to the by-laws to set up a new, special class of inactive membership for member houses which close for the duration of the war because principal executives have gone into some form of war work but expect to resume business after the war is over, such inactive members to pay no dues.

To propose an amendment to the constitution, effective in 1943, to defer the date for beginning the election of Governors by the Groups from March 1 to July 1 in each year. This will greatly cut down the time lag in the present plan, which has been found objectionable. A further amendment of the present plan will reduce the number of Group members required to support an opposition ticket from "not less than 12 regular members of the Group or 12% of such regular members, whichever number is larger" to 12% of the regular Group members.

Industrial Real Estate Conference At Pittsburgh

A national conference on industrial real estate, sponsored by the Society of Industrial Realtors, will be held in Pittsburgh on June 25 and 26, at the William Penn Hotel. Wartime plant location, financing for industrial plant purchases and conversions, and the whole problem of maximum use of our industrial real estate for war production will be under discussion, according to the program announced by Walter S. Schmidt, Cincinnati, President of the Society. Mr. Schmidt states:

> In the major cities of the country there is still a substantial volume of industrial and warehouse space, and as we find it necessary to stop manufacturing of non-essential items, additional industrial space will be made available for war production. We will discuss what can be done to support the work of the Plant Site Board both in location of war plants where buildings, labor, transportation and other public utilities are already available and in the intelligent readjustment of industrial production in the post-war period.

Fred A. Kimmich, S. I. R., head of the Industrial Building Utilization Section of the Plant Site Board, will talk on war plant facilities. He will be an important speaker at this conference, in which officials of principal governmental agencies concerned with war industry location are expected to participate. The Industrial Building Utilization Section was created by the government for the specific purpose of utilizing existing industrial buildings as far as possible in the war effort. On the program also appears the name of Thomas D. Jolly, Chief Engineer and director of purchases of the Aluminum Corporation of America, who will talk on industrial locations from the viewpoint of his company.

Hancock, Brannan Is Now Hancock, Blackstock

ATLANTA, GA. — Jerry G. Blackstock has acquired an interest in the firm of Hancock, Brannan & Co., First National Bank Building, and effective June 1 the firm name was changed to Hancock, Blackstock & Co., it was announced by Roy W. Hancock, President of the company.

Mr. Blackstock, who will be Vice-President of Hancock, Blackstock & Co., has been active in Atlanta investment circles for the last ten years, having been with Livingston & Co., Dobbs & Co., and since 1941 with Hancock, Brannan & Co.

Now McLean & Bishop

Coincident with the retirement from partnership of William E. Warren, on May 15, the firm name of McLean, Bishop & Warren, 42 Broadway, New York City, was changed to McLean & Bishop.

UNION
Trusteed Funds, Inc.

UNION BOND FUND "A"
UNION BOND FUND "B"
UNION BOND FUND "C"
UNION PREFERRED STOCK FUND
UNION COMMON STOCK FUND "A"
UNION COMMON STOCK FUND "B"
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Prospectus covering all classes of stock on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

Constructive Contributions

One of the best indications that the investment company field has arrived at respectable maturity is the high level of professional service rendered by the majority of investment company sponsors.

The primary job of the sponsor is to promote the growth of the investment company or companies with which it is affiliated. At first glance this would appear to be strictly a sales job. And yet the services rendered by many sponsors to their dealer groups and to the investing public go far beyond the ordinary processes of "making a sale."

This is particularly true with respect to the valuable investment information provided at considerable expense to themselves by a large number of sponsors. In addition to the publication of findings based on careful research, the sane, dispassionate discussion of current investment problems is a contribution that is frequently made. A case in point is the review entitled, "Investments And World Conflict," contained in the June 1, 1942, issue of the "New York Letter," published fortnightly by Hugh W. Long & Co., Inc. The text of that review is reprinted herewith in full.

"In a recent trip to the mid-West it was our privilege to have a long and frank discussion with the head of a large Chicago investment house.

"This man has spent his entire business life in the securities field and both he and his clients lean toward conservatism and safety rather than the assumption of the degree of risk that accompanies the pursuit of unusual profit. Several of his old clients had asked him what constituted a conservative investment today and what sort of investment program they should follow.

"We tried to find the answer by analyzing the various divisions of the investment field and the resulting conclusions are set forth for what they may be worth.

"To put the general conclusion first, it seemed to us that war, with its inevitable companions—inflation and taxation—had injected a strong and unavoidable element of speculation into even those forms of investment commonly thought of as suited for the most conservative portfolios. The various steps leading to this conclusion went something like this.

Cash

"This traditional refuge for the undecided is necessarily a speculation on the future value of the dollar. We all know that the dollar is worth less today than a year ago or two years ago in terms of shoes and ships and sealing wax and few of us doubt that it will be worth still less a year or two years from now. Certainly the Government is acutely conscious of this prospect and is directing its efforts toward orderly control of the inevitable further price rise. To do more would entail the freezing of wages and farm prices, steps which apparently will come into play only at a later date and a higher level, if at all. So cash is a one-way street headed in the direction we don't want to go.

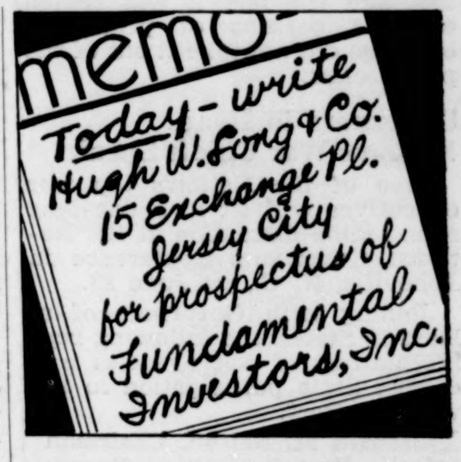
Short-Term, High-Grade Bonds

"At today's negligible yields, short-terms are nothing more than another form of cash and are consequently open to all the objections that apply to cash. For large institutions which have huge sums to invest and whose obligations are payable in dollars, regardless of the actual value of those dollars, the meagre yields available have some attraction. For the ordinary investor they have none.

Long-Term, High-Grade Bonds

"Credit demands generated by a major war have always spelled rising interest rates in the past and there seems no valid reason for expecting World War II to be an exception. Already many high-grades show recessions from their highs. An interest rate of 4% for

(Continued on page 2207)



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Municipal News & Notes

The Ohio Supreme Court ruled last week that a low rent housing project built by the Columbus Metropolitan Housing Authority was not public property and therefore subject to real estate taxation. The vote on this far-reaching decision was 5 to 2, the dissenting opinion holding that the property, known as Poindexter Village, was public and should be exempted.

The majority opinion fixed the taxing status of housing authorities controlling some $60,000,000 in property throughout the State. It probably will be appealed to the United States Supreme Court.

The State Board of Tax Appeals, which carried the case to the Supreme Court, contended restrictions of the village's use to certain families, depending upon their income, removed all its public character.

Counsel for the village argued the housing was built for public use, and the fact it was rented only to persons of prescribed earnings did not take it out of the public class.

Governors to Hear Nation's War Chiefs Speak

Five of the Nation's top war executives will sit in a day-long round table discussion at the National Governor's Conference in Asheville, N. C., on June 23.

Joining with Governors of at least 35 States, the following representatives of war agencies will discuss State participation in the victory effort:

Donald M. Nelson, Chairman of the War Production Board; Leon Henderson, Administrator of the Office of Price Administration; Paul V. McNutt, Chairman of the War Manpower Commission; Jesse Jones, Secretary of Commerce; and Robert Patterson, Under Secretary of War.

Municipal Finance Officers to Meet

Municipal fiscal problems brought about by the war will receive the attention of about 500 local, State and Federal finance officials at the 37th annual conference of the Municipal Finance Officers Association of the United States and Canada. The meeting is scheduled to be held in Buffalo on June 22-25. Such problems as wartime budget and financial policies, pension and retirement programs, salary and wage policies, accounting and insurance, and use of tax delinquent lands will be up for discussion.

Municipal Forum to Meet

Abbott Low Moffat, New York State Assemblyman, will be the guest speaker at the next luncheon meeting of the Municipal Forum of New York tomorrow at Block Hall. Mr. Moffat will discuss "Improving Local Government Financing in New York State: The Recently Enacted Local Finance Law."

East's Rural Highway Travel Drops

Gasoline rationing has cut rural highway travel in Eastern States by 55 to 65%, compared with a year ago, the Public Roads Administration estimated last Friday on the basis of reports from Maine, Connecticut, Rhode Island, New York, Pennsylvania, New Jersey, North Carolina and South Carolina.

On the other hand, April motor fuel tax receipts in 29 States scattered throughout the country indicated that gasoline consumption still was about 95% as great as a year ago. A spokesman explained that while rural travel over the entire country had declined, urban traffic had increased.

Canadian Provinces and Municipalities Show Fiscal Advances

The magnitude of the financial problems faced by the Dominion Government since the outbreak of war has tended to distract attention from the financial situation of Canadian provinces and municipalities, comments the Royal Bank of Canada in its June Letter. The last three years have seen profound changes in their fiscal positions, with expanding income and somewhat reduced expenditures. The time has come, however, the bank continues, for governments as well as individual citizens, to examine closely their expenditures. It is suggested that provincial and local governments should reduce debts and postpone all possible public works, but plan for the start of new construction at the opportune time following the cessation of hostilities.

Like many individual citizens of the Dominion, the provinces and municipalities have received increased incomes as a result of the industrial war effort. While the Dominion Government has found it necessary to increase taxes and to enter new fields of taxation in order to secure needed funds, the provinces and municipalities have enjoyed increasing buoyant revenues from their existing tax sources. The latest available statistics indicate that practically all provincial and municipal governments have shared in this gain. But the very need of the Federal Government for new revenues and the indirect effect of the spread of the war on provincial taxes, notably in the automobile and gasoline tax fields, might be expected to alter this situation.

N. Y. C. Financial Study Board Meets

Mayor LaGuardia, in an address last Thursday to the first session of his new Joint Finance Study Board, said that New York was in dire need of fiscal reform and told the members they had "a long, hard, difficult, thankless job ahead."

With the city's financial and tax problems growing steadily more serious, Mayor LaGuardia appointed the Joint Board on May 1 to make a comprehensive study of "all matters pertaining to the financial condition of the City of New York."

The scope of the inquiry as outlined by the Mayor's index included existing revenues; new sources of revenues; mandatory legislation; law of real estate assessments; distribution by the State to the city of State-collected taxes and contributions by the State to public works, education and courts.

Also further economies in administering city government expenditures caused by war emergencies; methods of financing these, and protection of pension reserves.

The multi-partisan Board is composed of 35 members, including city and State officials, three former Governors, bankers, business men, real estate owners, representatives of civic organizations and finance and tax experts.

N. Y. Port Authority Names Tobin Executive Head

The Commissioners of the Port of New York Authority announced late last week the retirement of John E. Ramsey, General Manager, and Julius Henry Cohen, General Counsel. Austin J. Tobin, outstanding opponent of the Administration's movement toward the elimination of tax ex-

FLORIDA

FLORIDA
MUNICIPAL BONDS

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R.E. CRUMMER & COMPANY
INVESTMENT SECURITIES
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succeeds Mr. Cohen as General Counsel. Both Mr. Tobin and Mr. Shelley have been associated with the Port Authority for a number of years.

Supreme Court Decision Seen Aiding N. J. Local Finances

The decision in the Asbury Park, N. J., case, handed down by the U. S. Supreme Court on June 1, cannot fail to have a most beneficial effect on the credit and finances of New Jersey and its municipalities, according to State emption for municipals, was named as successor to Mr. Ramsey, assuming the post of Executive Director, and Leander I. Shelley Treasurer Robert C. Hendrickson.

(We carried a report on the high Court's decision in our issue of June 4, page 2112.)

Arizona Bond Case Rehearing Granted

The Arizona Supreme Court has granted the petition for a rehearing of the case decided early last month, in which the Court ruled that certain outstanding bonds of Maricopa Co., Ariz., are subject to call at anytime even though the bonds as issued made no provision for redemption prior to final maturity date.

Attorneys for the petitioners for the rehearing have been given 20 days in which to file briefs and the county 10 days in which to answer.

Chicago Voters Approve Transit Unification

An ordinance designed to cure Chicago's transportation headache was ratified by the electorate in a referendum last week. Expressing his pleasure at this action, Mayor E. J. Kelly said he expects his city will now have the best local transportation system in the world.

The measure provides for immediate unification of the surface and elevated systems and eventual absorption of the Chicago motor bus properties—a new company called the Chicago Transit Co. would be created and charged with spending $102,000,000 during the first eight years of operation for improvements in service. This company also would rent the city's new system of downtown subways not yet in operation, but nearing completion.

Wash. Utility District Receives No Bids

Municipal dealers displayed no apparent fervor last week over the offering by Whatcom County, Wash., Public Util. Dist. No. 1, of $5,875,000 electric revenue bonds, when no bids were submitted. The proceeds from the sale were to be used to finance acquisition of the electrical properties now operated by the Puget Sound Power & Light Co. in the district, together with certain transmission lines extending into Skagit County, to provide working capital and for other purposes.

No reoffering date has been scheduled as yet. Whatcom District's Commissioners blamed "award larger than facts justified," delay due to legal action which has added more than $500,000 to interest, and war conditions for inability to finance take-over.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

June 11

$2,800,000 Yonkers Mun. Housing Auth., N. Y.

This issue will refund outstanding bonds. Larger issue of similar bonds was awarded on June 2 to Blyth & Co., Inc. of New York, and associates. Runner-up was an account headed by Phelps, Fenn & Co. of New York.

June 16

$1,792,000 Albany, N. Y.

Last June this city awarded bonds to a syndicate headed by the Bankers Trust Co. of New York, whose bid topped that submitted by Halsey, Stuart & Co., Inc., of New York, and associates.

$7,900,000 Seattle, Wash.

In March this city awarded an issue to a syndicate headed by John Nuveen & Co of Chicago. Next best in the bidding was an offer submitted by Blair & Co., Inc., and associates.

(These bonds were originally scheduled for sale on June 15, but the offering was postponed for technical reasons.)

June 22

$490,000 Tennessee (State of)

Although slightly under the required amount this offering is included because of general interest. Last December the State awarded bonds to Halsey, Stuart & Co., Inc. There were a number of other bids submitted for the issue.

June 24

$2,025,000 Minnesota (State of)

These are Rural Credit Deficiency Fund certificates. Last January the State awarded similar certificates by a syndicate headed by the Wells-Dickey Co. of Minneapolis. Second best bid submitted by Harriman Ripley & Co., Inc. of New York, and group.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Granberry & Co., New York City, retired as a Stock Exchange member firm as of May 21.

Interest of the late Bernard J. Harrison in Henderson, Harrison & Co., New York City, ceased as of June 2.

Interest of the late William H. Burg in Smith, Moore & Co., St. Louis, Mo., ceased as of April 23.

R. Emmet Byrne retired from partnership in Edward D. Jones & Co., St. Louis, Mo., on May 29.

Harman & Co., New York City, dissolved as of June 4.

Frances M. Lynch, partner in Wilbur F. Smith & Co., New York City, died on May 19.

NYSE Short Interest Higher On May 29

The New York Stock Exchange announced on June 6 that the short interest existing as of the close of business on the May 29 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 534,396 shares, compared with 530,636 shares on April 30, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the May 29 settlement date, the total short interest in all odd-lot dealers' accounts was 65,434 shares, compared with 66,323 shares, on April 30.

The Exchange's announcement further said:

> Of the 1,242 individual stock issues listed on the Exchange on May 29, there were 30 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.
>
> The number of issues in which a short interest was reported as of May 29, exclusive of odd-lot dealers' short position, was 401 compared with 438 on April 30.

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
June 28	446,957
July 31	479,243
Aug. 30	474,033
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,548
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
Apr. 30	530,636
May 29	534,396

Warns Against Hasty Sale Of Medium Grade Rails

The recent weakness in medium grade rail bonds has raised numerous inquiries as to the causes, according to Hirsch, Lilienthal & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, and other leading exchanges, who state that "it is our opinion that the present weakness more or less reflects the individual lethargy and lack of speculative enthusiasm while on the other hand there are evidences of dribbling liquidation from institutional sources, particularly from small banks and certain insurance companies, all predicated on the viewpoint that the railroad industry is aided by the war effort and that the railroads will be in financial difficulty once the end of the war can be envisioned.

"It is our viewpoint, however, that the roads have been and are making substantial improvements in their financial positions and that this viewpoint bears consideration before taking the stand that the railroads cannot withstand a period of declining business."

Copies of a recent circular discussing this question may be had upon request from Hirsch, Lilienthal & Co.

Seeks $39 Billions For US Army In 1943

President Roosevelt asked Congress on June 8 for $39,417,827,337 for the War Department's 1943 fiscal year needs, thus raising the projected war expenditures to over $200,000,000,000.

This request replaces the tentative budget estimate sent to Congress in January calling for only $6,388,091,747. The President indicated at that time that the figure would probably be increased. In his letter transmitting the revised amount, the President explained:

> Under the change in conditions which has since come about, such estimates fall short of reflecting the estimated needs of the military establishment for 1943, and their complete revision becomes necessary.

The largest single request was $11,043,000,000 for the Army Air Corps and the second largest item was $9,943,920,000 for ordnance and equipment and $4,127,000,000 for Army pay.

Authority to transfer up to $12,700,000,000 worth of supplies purchased under the appropriation to lend-lease nations was requested by the President.

Mr. Roosevelt's budget request also recommended that the Secretaries of War and Navy be empowered to disallow salaries and bonuses paid to officers and employees of war contracting firms "in excess of a reasonable amount."

House Committee Adopts Tentative Tax Change; Confers With Morgenthau on Action

With a view to expediting action on the Administration's tax program, Chairman Doughton of the House Ways and Means Committee, called for night sessions of the Committee beginning June 3. Consideration of the proposed tax measure has been under way for the past three months. It was stated on June 3 that at the first night session an endeavor would be made to dispose of consideration of 90-odd so-called "administrative changes" in the Internal Revenue Code. On June 4 it was indicated that the Committee had tentatively acted on a number of the more important of these administrative and technical tax changes which had been submitted by the Committee's and the Treasury's experts. According to advices to the "Wall Street Journal" from its Washington correspondent, affiliated corporations could file consolidated income tax returns if they are willing to pay a 2% special surtax for the privilege, according to a tentative plan adopted June 4 by the Committee.

Reporting that the Committee on June 3 announced recommendations for changes in the tax laws to remove "hardships" and to "adjust" practices under some statutes, Washington advices on that date to the New York "Times" said in part:

> The Committee's actions to date on changes sought in the tax laws by the Treasury or by individuals were explained in a statement prepared by the Committee's chief expert, Colin F. Stam. It was said that the actions would not materially affect the revenue picture.
>
> The statement said that the purpose of the amendment to tax mutual investment companies, adopted tentatively, was to extend the special tax treatment now given to such companies to other investment companies registered under the Investment Company Act of 1940. These are regulated by the Securities and Exchange Commission.
>
> Also adopted was an amendment denying a deduction for interest paid on an indebtedness incurred to buy or carry a fully paid-up life insurance or endowment contract. Mr. Stam said this treatment would be in conformity with the present provision of the Internal Revenue Code which prohibits the deduction of interest paid on a debt incurred to purchase tax-exempt securities.

Advices to the effect that public utility companies may be exempted from taxes on gain resulting from the sale or exchange of assets made under the provision of the death sentence of the Holding Company Act were contained in a Washington account June 4 to the New York "Sun" which reported that the Committee had tentatively approved on June 3 administrative changes in tax regulations which would eliminate those taxes. These advices added:

> The present Internal Revenue Code provides for postponement of gains that may be realized on exchange of assets made in compliance with the Holding Company Act, but makes no such provision as regards outright sales of assets. Direct exchanges have not always been feasible and sales of assets are often necessary. The action of the Ways and Means Committee would put sales of assets on the same basis as direct exchanges of assets or securities.

Included in the Committee's action this week was its tentative approval of an increase from $4 to $6 a gallon in the tax on whiskey and other distilled spirits. At the same time the Committee agreed to raise the tax on beer from $6 to $7 a barrel. In Associated Press advices from Washington June 3 it was stated:

> The liquor tax increase was exactly what Secretary of the Treasury Morgenthau recommended last March and which he said then would produce $279,700,000. But the Treasury had asked that the beer tax be raised to $8 a barrel in order to produce $117,100,000 in new revenue. No estimate was available immediately of the returns from a $7 tax.
>
> Members said that the Committee planned to take up in order all of the Administration's excise tax proposals, which it was estimated would raise $1,340,000,000, and might finish that work by the weekend.
>
> Then, they predicted, the stage would be set for a showdown on the question of whether a sales tax would be approved. One of them explained the situation this way:
>
> "When we get all through with the excise taxes, we will see how much we will have raised; then we will have to decide whether we will let it go at that or go to a sales tax to make up the difference."
>
> The Treasury's revised tax goal is $8,700,000,000. The Committee has approved levies estimated to produce about $5,800,000,000.

On June 9 the Committee voted to retain the Federal gasoline tax at the present rate of 1½ cents per gallon. The Treasury had proposed that the rate be doubled to bring in another $24,000,000 from this source, it was noted in Washington advices to the "Wall Street Journal," which added:

> It agreed to increase the rate on lubricating oil from 4½ cents per gallon to 6 cents and estimated this would raise an additional $7,500,000. The Treasury had asked that the rate be boosted to 10 cents per gallon to raise an additional $50,000,000.
>
> On wines, the Committee went just about half way on the Treasury recommendations, approving an estimated increase of $12,800,000, compared with the $25,000,000 increase advocated by the Department.

The Committee acted to advance the rate on still wines having not more than 14% alcoholic content from 8 to 10 cents a gallon; a 15-cent tax had been asked by the Treasury; on wines of 14 to 21% alcoholic content the Committee proposed to increase the rate from 30 cents to 40 cents a gallon, as against 50 cents requested by the Treasury. In the case of wines of 21 to 24% alcoholic content, the Committee moved to increase the tax from 65 cents to $1, as requested by the Treasury.

Reports to the effect that ranking members of the House Committee have given Mr. Morgenthau the alternative of the sales tax or a bill $2,000,000,000 short of the Administration's goal were noted in United Press accounts from Washington on June 6 which said Mr. Morgenthau replied to the Ways and Means Committeemen that he would submit the Treasury's choice in a statement possibly next week.

Another development of the week was the exception taken by members of the Committee to remarks made in a radio address by Secretary Morgenthau on June 3 in which, among other things, he said:

> The Ways and Means Committee is now hard at work writing a new tax bill. It is not for me to discuss the details of what they are about to recommend. I should like to make only this comment: I hope it cannot be said of the new tax bill that it was too little and too late.

Following a conference held between members of the Committee and Mr. Morgenthau on June 4, a statement that "harmonious cooperation" was expected to continue between the Committee and the Secretary was issued as follows by Chairman Doughton:

> Secretary of the Treasury Morgenthau met with the senior members of the Committee on Ways and Means in an informal conference.
>
> The opinion was unanimous that the Committee and the Secretary had labored together for many years in a most harmonious manner in connection with the difficult fiscal affairs of the Government. It was also agreed that the remarks made by Secretary Morgenthau in a recent radio address did not reflect and were in no way intended to reflect upon the Committee on Ways and Means or its procedure in writing the pending tax bill.
>
> As a result of the conference there is every reason to believe that the same spirit of harmonious cooperation between Secretary Morgenthau and the Committee on Ways and Means will continue in the future as in the past.

United Press advices from Washington on that date (June 4) said:

> Before going to the Capitol Morgenthau revealed at a press coference that the Treasury plans to delay deduction of income taxes from pay-checks until January 1, 1943, so the taxpayers will be relieved of "double taxation" this year.
>
> Under the withholding program, which is still before the House Ways and Means Commit, 10% of a worker's paycheck would be deducted at the source and sent to the Government for liquidation of his next income tax bill.

From the Washington bureau, June 4, the New York "Journal of Commerce" reported the following:

> Following the conference Chairman Doughton said, "the Ways and Means Committee has the responsibility before the country to write the tax bill. The Treasury cannot account for our responsibility and we cannot account to the country for how he runs his bureau."

A reference to the Committee's deliberations on the tax bill appeared in our June 4 issue, page 2119.

Mortgage Recordings Up

The volume of non-farm mortgage recordings of $20,000 and less moved upward during April in response to seasonal factors and totaled some $360,000,000, Federal Home Loan Bank Administration economists reported on June 6.

They pointed out, however, that "the difficulties in sustaining normal lending operations in the face of building material shortages, which have now resulted in virtual cessation of new construction in those areas not engaged directly in war production, may be seen by reference to financing activity of recent years.

"The rise of 7% in the volume of recordings from March to April of this year amounted to less than one half of the relative increase reported for all lenders in comparable periods of 1941 and 1940. Also, total recordings for April were nearly 10% less than in the same month of last year, although 6% above those of April, 1940."

Savings and loan associations again led the home financing field in number and amount of mortgages recorded during the month, accounting for 30% of the total amount and 32% of the number. Banks and trust companies were second with 20 and 23% in number and amount, respectively.

Stock Market Comments

Further bits of favorable war news brought broadening demand for equities during the past week.

Devastating RAF bombing on the Continent, the continued stalemate on the Russian front, the failure of the Nazi offensive in Libya to gain momentum, and the United States declaration of war on the three Axis puppet states (possibly in exchange for the granting of Russian bases to the United States for bombing of Japan), were all to the good.

We expect the advance to continue, subject to recurring setbacks, and to broaden considerably during coming months.

Position of Equities

Position of equities on the basis of cold logic is virtually unassailable.

There are only two principal media available for investment, insofar as the average investor is concerned, namely, bonds and equities, eliminating from consideration, of course, unproductive cash. Consider for a moment the position of stocks. The market today is virtually on a cash basis; speculation is at an irreducible minimum and there is no speculative pyramid to topple; prime stocks, even after allowing for dividend reductions forced by higher war-time taxes, offer nearly double the yield on prime bonds; cash is practically non-productive, except in very small amounts, and its future purchasing power seems destined to deteriorate.

Now consider the position of prime corporate bonds. Prices have worked to levels which are virtually prohibitive to the investor of moderate means. As for the wealthy investor, certainly the handwriting is already on the wall with respect to the privilege of tax exemption. Furthermore, consider all the legislation which has already been enacted during recent years to ease the position of the debtor at the expense of the creditor. Time was when the terms of the bond meant something, but this is not the case today. When a debtor decides he cannot pay he just doesn't pay and that is all there is to it. Most glaring example of such a situation is the case of the Chicago & Alton bonds on which default occurred years ago, yet there has been no receiver, no trustee, no plan, in fact, no nothing.

Any mass flight from stocks into bonds seems fantastic, whereas the alternative, that is, a mass flight from bonds (and cash) into equities, seems to us at least something more than a mere possibility—not immediately, but rather over a period of time as it begins to dawn on the masses that common stocks in a post-war period may enjoy an investment status such as they never had attained before.

Applying Some Yardsticks

Important yardstick with which to measure the attractiveness of a common stock is the tax exemption base.

No one can be sure at this time just what final terms will be written into the Revenue Act of 1942 and therefore all tax calculations must be tentative. However, we would point out that under the rates proposed by the House Ways and Means Committee, namely, 40% and 94%, U. S. Steel (46) can theoretically earn nearly $6 per share before being liable for excess profits taxes, whereas the comparable figure for Bethlehem (52) would be well under $3 per share, yet Bethlehem still commands a substantially higher price than U. S. Steel. Also, take the case of Crucible (25) with an indicated tax exemption base of only around 60c per share, compared with Jones & McLaughlin's (18½) tax base of $2.75 per share, yet the latter sells for substantially less than the former. Likewise, take the case of General Electric (26) with an indicated tax base of around $1 per share, compared with Allis Chalmers (24) base of around $2.25. Also, we might cite the 40c tax exemption indicated for Yellow Truck (12), compared with the $2 tax exemption of White (13). And also consider the $1.95 tax exemption base of General Refractories (15½), compared with Harbinson Walker's (13⅜) base of only 92c.

The foregoing estimates would, of course, have to be revised to reflect any change in the final terms of the bill, but the point is that unless the method of computing taxes is changed, the relative tax position of these stocks would not be altered in any important respect. The question of tax exemption, of course, is not the only factor to be taken into consideration in considering the relative attractiveness of equities but it is important and cannot be overlooked.

We believe that now is the time to effect certain exchanges with a view to anticipating results of the Revenue Act of 1942 on prospective earnings and dividends and we urge that clients examine holdings critically at this time in the light of indicated tax positions of individual stocks.—*G. Y. Biliard, J. R. Williston & Co.*

Hull Warns Finns On Added Aid To Axis

Secretary of State Cordell Hull stated on June 6 that the United States is watching the Finnish situation more closely to see whether Reichsfuehrer Hitler's recent visit to Finland results in that country's greater cooperation against the United States.

Secretary Hull, in a statement given out by the State Department, termed Hitler's visit a "desperate attempt" to induce Finland to make further contributions to Axis military campaigns.

The United States continues to carry on full diplomatic relations with Finland, although that country is at war with Russia and Great Britain has declared war on Finland.

The formal statement reads as follows:

> The Secretary of State, in reply to inquiries from the press concerning Hitler's visit to Finland, said:
>
> "It is evident that the visit is a deliberate ruse on the part of the Germans to compromise Finland further in the eyes of the anti-Axis world and a cover for the desperate attempts of Hitler to induce Finland to make further contributions to Axis military campaigns. A reported statement yesterday of a Finnish spokesman in Helsinki may be interpreted to mean that Finland is balking at the German pressure.
>
> "We are watching the situation most closely to see whether this visit of Hitler results in any greater degree of cooperation with Hitler against the United Nations."

J. M. Fisher Made Treas.

John M. Fisher has been appointed Treasurer and William Ward Controller of Standard Bands, Inc., according to an announcement made by the Vice-President of the company. Mr. Fisher has been manager of the corporate buying and underwriting department of Lazard Freres, Wall Street investment house, for the past seven years and prior thereto was with the National City Company. Mr. Ward was with National Dairy Products Corporation as controller of its largest butter and creamery company.

War Economy And The Market

More and more large corporations we believe will be forced to borrow substantial sums in order to meet huge tax bills. Large totals of corporate funds have gone into expanded plant facilities and into built up inventories. As a result it may be found that with increasing frequency companies will have to resort to bank borrowings in order to pay off Uncle Sam. Less generous dividend policies may develop as a concomitant of this type of corporate borrowing. . . . A few political commentators have stressed the point that price ceilings will be avoided through lowered quality and the use of inferior substitute materials. However, we cannot bring ourselves to believe that this is going to be too serious a factor. For American merchants have been brought up on the theory that commercial success is obtained by distributing the best possible product at the lowest possible price and few responsible merchants are going to take the risk of damaging consumer good-will by foisting on the public inferior merchandise merely to by-pass price ceilings. It should be remembered, too, that with high taxes obtaining merchants will not be anxious to sell inferior merchandise merely to obtain a profit that in turn will be substantially taxed away. . . . Now and then we read comments as to how this company or that will fare in a post-war period of lowered taxes. But our own thinking on the subject of investments is not based on that premise. For it seems obvious that we will emerge from this war with a huge national debt and a serious readjustment problem. The price structure conceivably may be allowed to rise, but taxes in our opinion will not come down anywhere near as fast or as far as they did after World War No. 1. In all investment planning we should think it far safer to proceed on the basis of little or no decrease in tax rates rather than to estimate industry's outlook on the assumption that taxes will be less onerous.

Post-War Armament

More and more it appears certain that post-war conditions will require not only thorough-going international collaboration but also the maintenance of substantial armies and navies by the United Nations. Certainly at the moment it appears highly unlikely that there will be any repetition of the disarmament conference of the Harding administration, so ably directed by ex-Chief Justice Hughes. For the world has learned that army and navy economies and steps toward disarmament constitute completely false economy and we are not likely to make the same mistake over again. Too, we must not overlook the fact that the maintenance of substantial armed forces may be an important factor in the transition days from war to peace. We probably will not see too sudden or too sharp a fall-off in arms production and the maintenance of a large navy and a substantial army will serve to dilute the problem of post-war unemployment. For many years the nations of Europe solved part of their unemployment difficulties by maintaining large armies. Perhaps force of circumstances will compel us to take a leaf out of that book.

The Market

Better war news, both east and west, has brought above a more buoyant and cheerful stock market. More and more the conviction is spreading that the war's duration is going to be substantially less than was anticipated a few months ago. . . . It may well be that the market will continue to work its way upward but one must be optimistic indeed to conclude that there will not be plenty of unfortunate and unfavorable war news during the next few months and that when it occurs the market will not substantially react. We do not believe the market is strong enough to disregard bad news, and purchasers of equities, however strong their long-term faith, should be prepared for temporary but perhaps important market declines.—*Ralph E. Samuel & Co.*

Cablegram Rates Cut For Overseas Soldiers

Members of the United States armed forces in foreign lands may now send cablegrams to people at home for only 60 cents a message. The Federal Communications Commission has authorized the Western Union Telegraph Co. to inaugurate the service which has the approval of the War Department. An announcement in the matter June 2 issued by the Western Union Telegraph Co. said:

> The Expeditionary Force Message, a contribution by the communications industry to the nation's war morale, is now available only for inbound messages from Great Britain, Northern Ireland, Newfoundland and Hawaii. Additional countries will be added as fast as arrangements can be completed. Relatives and friends will be able to send outbound "EFM" cablegrams to members of the armed forces stationed in the same countries in the near future.
>
> The sender may incorporate in one message as many as three of 103 fixed-text phrases provided for use in the new service. The ready-prepared texts relate to correspondence, greetings, health, promotion, money, congratulations and other subjects. "EFM" messages are subject, of course, to censorship restrictions.

Like President Roosevelt's use of the fictitious land of Shangri La to conceal the base from which American planes bombed Japan, military authorities are providing all Western Union offices with charts identifying foreign countries only as arbitrary code words. Relatives and friends sending these messages wil not know in what countries the cablegrams are to be delivered.

The "EFM" messages will be addressed to the soldiers, sailors or marines by rank, name, identifying serial number and Army Post Office Number. Families of soldiers will have from the War Department cards giving the number of the Army Post Office serving each man. These numbers will be used by the telegraph company in selecting the proper code address. but local telegraph offices will not know what countries the code words indicate. At the country of destination, the Postal Regulation Station will deliver the cablegram to the correct Army Post Office to make delivery.

Rounds Dies

Harry A. Rounds, in the investment business in Portland, Me., for more than forty years, and since 1932 head of Harry A. Rounds Co., died at his home at the age of 72. Previously he had been with Lee Higginson Corporation for 30 years. During the first World War he was Director of the Liberty Loan campaigns in Maine and was on the State Advisory Committee for the United States Fuel Administration.

U. S.-Britain Combine Production, Resources

Establishment of a Combined Production and Resources Board for the United States and the United Kingdom and the creation of a Joint Great Britain-United States Food Board was announced by President Roosevelt on June 9 on behalf of himself and Prime Minister Winston Churchill.

The Combined Production and Resources Board, to consist of Donald M. Nelson, Chairman of the War Production Board, and Oliver Lyttelton, British Minister of Production, who is now in Washington, shall integrate the two production programs into one for the most effective use of the countries' combined resources for the prosecution of the war.

The Combined Food Board will plan the most effective and expeditious use of the food resources of the United Nations in order to coordinate further the war effort. Secretary of Agriculture Claude R. W. Wickard will be the American representative and R. H. Brand, head of the British Food Mission to the United States, will represent and act under instructions of the British Minister of Food, Lord Woolton.

President Roosevelt announced the general functions of the two boards in memoranda addressed to Mr. Nelson and to Secretary Wickard. The memorandum to Mr. Nelson was as follows:

"In order to complete the organization needed for the most effective use of the combined resources of the United States and the United Kingdom for the prosecution of the war, there is hereby established a Combined Production and Resources Board.

"1. The Board shall consist of the Chairman of the WPB, representing the United States, and the Minister of Production, representing the United Kingdom.

"2. The Board shall:

"(a) Combine the production programs of the United States and the United Kingdom into a single integrated program, adjusted to the strategic requirements of the war, as indicated to the Board by the combined chiefs of staff, and to all relevant production factors.

"In this connection, the Board shall take account of the need for maximum utilization of the productive resources available to the United States, the British Commonwealth of Nations and the United Nations, the need to reduce demands on shipping to a minimum and the essential needs of the civilian populations.

"(b) In close collaboration with the combined chiefs of staffs, assure the continuous adjustment of the combined production program to meet changing military requirements.

"3. To this end, the combined chiefs of staff and the Combined Munitions Assignments Board shall keep the Combined Production and Resources Board currently informed concerning military requirements, and the Combined Production and Resources Board shall keep the combined chiefs of staff and the Combined Munitions Assignment Board currently informed concerning the facts and possibilities of production.

"4. To facilitate continuous operation the members of the Board shall each appoint a deputy; and the Board shall form a Combined Staff. The Board shall arrange for such conferences among United States and United Kingdom personnel as it may from time to time deem necessary or appropriate to study particular production needs; and utilize the Joint War Production Staff in London, the Combined Raw Materials Board, the Joint Aircraft Committee and other existing combined or national agencies for war production in such manner and to such extent as it shall deem necessary."

To Permit Changes In Reserve Requirements

Under bills introduced in Congress the Federal Reserve Banks would be empowered to change by regulation reserve requirements of any one group of member banks. The House bill amending the Federal Reserve Act, designed to grant such authority to the Reserve Banks was introduced on June 1 by Representative Steagall (Dem.) of Alabama, while on June 5 Senator Wagner of New York introduced a companion measure in the Senate. In advices from its Washington bureau, the New York "Journal of Commerce" stated that the primary aim of these two bills is to give the central bank adequate power to prepare the New York money market for the tremendous volume of war financing that is coming in the next few months, it was learned. In part, the same advices said:

"These bills will give Federal Reserve Banks the power to reduce or increase reserve requirements in the central reserve cities—New York and Chicago—without having to change reserve requirements for reserve city and country banks. In the past changes in reserve requirements were applicable to all member banks.

"New York has suffered a rather heavy outflow of funds in the past few months due to the Government's heavy borrowing in New York and then spending the funds in the interior. These funds have not returned to New York with the usual speed with the result that New York banks find that their 'excess reserves' are nearly depleted. There are, however, plenty of 'excess reserves' throughout the country, it was learned.

The problem, nevertheless, is to have adequate funds in New York because this city is the money center of the country. New York will handle most of the Treasury's financing. For that reason, it was learned, the Treasury is quite anxious to make sure that the New York market is prepared to handle the huge volume of financing that is in prospect.

"As soon as these bills are passed, Reserve requirements are expected to be lowered in both New York and Chicago—the two central Reserve cities, it was learned here.

"Lowering of Reserve requirements in those two cities will increase 'excess reserves' and provide adequate funds for banks there to support the Government security market."

The bill, which, it is stated, was written by the Federal Reserve Board, also contains other provisions. In advices to the New York "Herald-Tribune" from Washington June 2, it was stated that the bill proposes the following:

"(1) Amend the setup of the Open Market Committee, giving in effect the New York Federal Reserve Bank a separate place on the Committee. Heretofore it was paired with the Boston Reserve Board. The change becomes effective as of June, 1943.

"(2) It removes from the Act the provision that banks cannot pay dividends or make loans, if they do not maintain proper reserves. The penalty powers are given to the Reserve Board.'"

D. Van Alstyne, Sr. Dead

David Van Alstyne, a mechanical engineer with the Louisville-Nashville and Northern Pacific Railroads and formerly a Vice-President of the American Locomotive Company, died at the age of 77. He is survived by his widow and two sons, David Van Alstyne, Jr., senior partner of Van Alstyne, Noel & Co., New York City, investment firm, and Ward Van Alstyne.

President Appoints Railway Labor Panel

President Roosevelt announced on June 9 the appointment of the nine members of the National Railway Panel from which emergency fact-finding boards will be chosen to adjust disputes before railways employees actually go on strike or take a strike vote. The President created this new procedure for railway disputes by Executive Order on May 21; referred to in our issue of June 4, page 2127. The Associated Press Washington advices June 9 said:

"William M. Leiserson, member of the National Labor Relations Board, was made Chairman of the Panel, with authority to pick the three-member emergency boards. Others placed on the panel were:

"William H. Spencer, Dean of the University of Chicago; Judge Walter P. Stacey, Raleigh, N. C.; Judge Wiley Rutledge, Associate Justice of the United States Court of Appeals, District of Columbia; Dr. Edwin E. Witte, University of Wisconsin; Walter T. Fisher, Chicago attorney; John A. Lapp, also of Chicago; John A. Fitch of the New York School of Social Work, and Norman Ware, member of the Connecticut State Board of Mediation and Arbitration.

Clearing House Given M. N. Buckner's Portrait

A portrait of the late Mortimer N. Buckner, Chairman of the Board of the New York Trust Co. and past President of the New York Clearing House Association, painted by Raymond P. R. Neilson, was presented on June 8 by the trust company to the Clearing House Association, where it was hung in the Assembly Room. The portrait of Mr. Buckner takes its place with portraits of 27 past Presidents of the Clearing House, dating back to 1853 when the Association was formed. The announcement in the matter says:

> Mr. Buckner, who was Chairman of the Board of the New York Trust Co. from 1921 until his death on Feb. 25 of this year, was elected President of the Clearing House for two terms, 1932 and 1933, and his distinguished services in that capacity during the bank holiday in 1933 were generally recognized. As Chairman of the Clearing House Committee in 1931, he was active in mobilizing the private bank resources of the Nation to stem the tide of the growing crisis. The National Credit Corporation was organized under his leadership and, as its President, he directed the assistance to banks throughout the country.
>
> In addition, he was Committee Chairman for the Second Federal Reserve District of the Deposit Liquidation Board of the Reconstruction Finance Corporation. He had been a member of the Bank Board of the State of New York since 1932 and served in an executive capacity on the boards of a large number of other corporations and charitable institutions.
>
> Mr. Neilson, nationally known portrait painter, is a member of the National Academy of Design and is now serving on its Council. He was graduated from the United States Naval Academy in 1905, leaving the Navy in 1907 because of ill health.

Mr. Buckner's death was reported in these columns March 5, page 968.

April Foreclosures Down

Non-farm real estate foreclosures in April totaled only 3,856, as compared with the 3,925 cases reported for March and 5,445 for April a year ago, Federal Home Loan Bank Administration economists reported on June 6. It is noted that the April figures are only slightly above the 15-year low record of 3,630 cases reported in February. "The 1.8% decline in number of foreclosures during April from the previous month compares favorably with the 0.4% normally expected at this time of the year," said the report. "After adjustment for the usual downward movement, the foreclosure index showed a total reduction for the month of 1.4%." It is also stated that the Bank Administration's seasonally adjusted index for April stood at 29.1% — the equivalent of a 71% decline from the average level of the 1935-1939 base period. During the first four months of 1942, the report said, "there were 15,411 foreclosure cases, as compared with 21,519 for the same period of last year. This decrease of 28% is even more favorable when compared with the 14% decline which occurred in the similar period of 1941, as compared with 1940." The report added:

> "Geographically, 24 States and the District of Columbia reported foreclosure decreases in April, as compared to March, while 21 reported rises and three showed no change. The rate of foreclosures per 1,000 dwellings during April was 2.4%, compared with a 2.8% monthly average rate since April, 1941. Some 52,273 cases were registered from May, 1941 through April this year, as compared with 71,745 foreclosures occuring during the previous twelve months."

The Bank Administration's figures on non-farm real estate foreclosures are based on reports of county and court clerks, recorders, sheriffs and Government officials in about 1,800 communities.

Seize Refugee Currency

The Treasury Department announced on June 3 that heavy amounts of currency were taken up by customs officials on the arrival in New York on June 1 of the S.S. Drottingholm. The Drottingholm carried many American and Latin American diplomats and other citizens returning from Axis areas. The Treasury announcement said that one incoming passenger had declared that he had only $249 in his possession but, upon being searched, was found to have concealed over $9,000 in a sock. The currency discovered was taken into special custody, said the Treasury announcement, which added:

> Treasury officials said that as a whole they considered the results of the search for currency most gratifying. No announcement was made as to the disposition of any of the currency which was taken other than the statement made by customs officials that it would be turned over to the Federal Reserve Bank of New York for further action by the Treasury Department.

J. J. Boylan Dies

James J. Boylan died at his home after a brief illness, at the age of 45. Mr. Boylan was engaged in private banking at 40 Wall Street, New York City, and previously had conducted a securities business. He was President of the EA Laboratories, manufacturers of electrical equipment, in Brooklyn, and was a Past Exalted Ruler of the Brooklyn Elks.

Dutch Ships Put Under Charter To U. S. Govt.

The following was contained in Associated Press London advices of June 6:

> The Dutch government in exile requisitioned all ships under the Dutch flag today for the duration of the war, and the Aneta news agency reported they had been chartered on behalf of the United States government.
>
> The official Dutch news agency said an agreement to that end had been signed by W. Averell Harriman, American Lend-Lease Coordinator, and British and Dutch officials. A decree transferring the ships to the Dutch government was signed by Pieter A. Kerstens, Minister of Commerce and Industry.
>
> Aneta said it was learned that even before the action was taken, approximately 1,250,000 tons of Dutch shipping had been taken over by the British War Transport Ministry on behalf of the United States.
>
> The news service estimated that up to the fall of Java, some 2,750,000 tons of Dutch shipping had been available. It is said Dr. M. P. L. Steenberghe, head of the special Dutch mission to the United States, had been charged with executing the new decree in that country as Kersten's agent.

Lend-Lease Master Pacts Offered Five More Nations

The United States has invited five more of the United Nations —Belgium, Greece, The Netherlands, Norway and Poland to become parties to the master lend-lease agreement, providing for continued and increased American assistance in the present conflict and a basis for improving world-wide economic relations in the post-war reconstruction.

The proposals, it was indicated in press accounts from Washington, June 8, are substantially the same as those previously agreed to by Great Britain and China and offered to Russia, though not yet accepted.

Secretary of State Hull on June 5 handed draft proposals to Ambassador Wilhelm de Morgenstierne of Norway and Ambassador A. Loudon of The Netherlands and on June 8 submitted the draft agreements to Ambassador Jan Ciechanowski of Poland, to the Belgium Ambassador, Count Robert Van Der Straten-Ponthoz and to the Greek Minister, Cimon P. Diamantopoulos.

Signing of the past by China was noted in these columns of June 4, page 2119.

C. K. Cook Suicide

Charles K. Cook, stock broker and a member of the Board of Governors of the New York Stock Exchange, was found dead of a bullet wound in the heart at his home in New York City. His death was listed by the police as an apparent suicide. Two notes left by Mr. Cook were not made public and the police gave no reason for the suicide, but it was learned that the broker had been worried over business conditions.

Mr. Cook maintained offices at 40 Wall Street, New York City, and had been a specialist on the New York Stock Exchange for a number of years, having become a member in 1929 when he was a partner in Scholle Brothers. He was also a member of the New York Curb Exchange, Chicago Stock Exchange, and the New York Commodity Exchange.

Becker Elected Pres. Of Com. & Ind. Ass'n

Neal Dow Becker was elected President of the Commerce and Industry Association of New York, Inc., at the annual meeting of its Board of Directors held on June 8. Mr. Becker succeeds John Lowry, who remains a member of the Board. Mr. Becker has been a Director of the Association for some years and has served as Chairman of its Committee on Foreign Trade, as Chairman of its Industrial Committee, and as a Vice-President. The group's new leader is President of the Intertype Corp., manufacturers of typesetting machines, and a Director of the Bank of the Manhattan Co., Consolidated Edison Co. of New York, Brooklyn Edison Co. and New York Dock Co. He is Chairman of the Executive Committee of the National Industrial Conference Board. Other officers elected for a one year term are:

Stephen F. Voorhees, of Voorhees, Walker, Foley & Smith, First Vice-President.

Thomas S. Holden, President, F. W. Dodge Corp., Second Vice-President.

Jeremiah D. Maguire, President, Federation Bank and Trust Co., Third Vice-President.

Samuel D. Leidesdorf, S. D. Leidesdorf & Co., Treasurer.

Thomas Jefferson Miley, Secretary.

The Association, which was established in 1897 as the Merchants' Association of New York, is the largest commercial organization in this city. Calling attention to the Association's program in cooperation with the war effort, Mr. Becker said that he anticipated considerably enlarged activities along these lines.

A report submitted to the Directors by the Association's Treasurer revealed a considerable increase in membership over the past year.

Get Suspended Sentences

J. Con Bolden, Elmhurst, N. Y., and Howard G. Kraus of Cleveland, Ohio, received suspended sentences of a year and a day in the Federal District Court at Cleveland on charges of fraud in connection with the sale of agreements in the Parking Meter Corporation of America. The indictment charged that the corporation was to lease parking meters to various municipalities on a rental basis, on which investors were to receive 20%, but that the defendants never purchased nor installed any meters and that monthly income checks sent to investors as payment of profits were in actuality a portion of moneys received from the sale of the agreements to investors.

Dominican Sugar Crop Up

Sugar production in the Dominican Republic during the current 1941-42 crop season is preliminarily estimated at 480,000 long tons, raw value, as compared with 394,000 tons in the previous season, an increase of 86,000 tons, or approximately 21.8%, according to Lamborn & Co., New York, who further state:

> Production during the first eight months of the current season, September, 1941 ,to April, 1942 inclusive, totaled 326,912 long tons as against 298,612 tons during the similar period of the previous season. Exports for the eight month period amounted to 113,262 tons, as compared with 82,484 tons for the corresponding eight months last year.
>
> Sugar stocks on hand in the Dominican Republic on May 1, 1942 aggregated 293,397 tons, while on the same date in 1941 the stock was 269,508 tons.
>
> Late in November, 1941, the British Minister of Foods arranged for the purchase of practically the entire 1942 Dominican sugar crop.

WPB Lumber Restrictions For War Housing Lifted

The War Production Board reports that more than 100,000 of the most essential war housing units in construction have received relief from the restrictions on lumber deliveries contained in Limitation Order L-121, it was made known on June 6. It is stated that after investigation by the National Housing Administration and the WPB lumber and lumber products branch, these housing projects were selected as most urgently needed in the war effort.

John D. Blandford, Jr., National Housing Administrator, according to the New York "Herald Tribune," said on June 6 that construction activity on these projects would have ceased almost immediately unless relief had been granted. The 100,000 war housing units selected are divided almost equally between those publicly financed and privately financed. In the former category are 76 projects in 25 States, covering 54,039 units, while the privately financed projects include 51,350 units in 32 localities in 20 States.

Sentenced For Fraud

Antoinette Heim was sentenced in General Sessions in New York to up to three years in the penitentiary on her conviction on two counts of first degree grand larceny. She had preyed on serving women of her native country, Germany, defrauding them of their savings by inducing them to buy worthless mining stock from her; it was revealed that she had been under investigation by the State Attorney General for almost nine years because of her stock activities.

She had claimed at various times that she was a cousin of Franz von Papen, Hitler's Ambassador to the Balkans, that she was the sister of a bishop in Strassbourg and of a priest with the German Army, and that she had been graduated from a college in Alsace, all of which was untrue.

Illinois-Wisconsin District Leads In War Bond Sales

The Illinois-Wisconsin Federal Home Loan district leads the twelve in the nationwide system in the number of savings, building and loan institutions which have sold war bonds in volume equal to or exceeding 5% of their own assets, it was reported on May 28 by A. R. Gardner, President of the Federal Home Loan Bank of Chicago, which serves this district. He said that the 46 honor roll associations in this district constitute between a fourth and a fifth of all those in the country which have reached so high a ratio in their financing of the victory program. The honor roll, listing 210 associations which have sold war bonds to this percentage of assets, is published in the current issue of the Federal Home Loan Bank Review, and covers the bond sale period May 1, 1941, through March 31, 1942. Mr. Gardner added the information that two of the 16 savings and loan institutions in the nation which have sold more than $500,000 in bonds are located in Chicago.

With Wayne Hummer

(Special to The Financial Chronicle)

OSHKOSH, Wis. — Chester D. Shepard, for many years a partner in Merigold & Co., has become associated with Wayne Hummer & Co. of Chicago and will make his headquarters in the firm's Appleton, Wis., office, 123 South Appleton Street.

Cleveland Bond Club Schedules Meeting

CLEVELAND, O.—The annual meeting of the Bond Club of Cleveland will be held at the Canterbury Club on Friday, June 19. After the names of the newly elected governors are announced, there will be an open discussion of the part which the Club can play in the war effort.

Four new governors are to be elected, since the terms of H. H. Covington, M. J. M. Cox, and D. P. Handyside are expiring and Frank E. Gibson, Jr., whose term would have run until 1944, has resigned as he has left the investment business.

The nominating committee has presented the following slate for governors, three of whom will serve for three-year terms and one for two-year term: John D. Burge, Ball, Coons & Co.; Walter Carey, Robbins, Gunn & Co.; Emile A. Legros, First Cleveland Corp.; David A. Field, First Boston Corp.; Herman J. Sheedy, McDonald-Coolidge & Co.; and A. J. Stiver, Saunders, Stiver & Co.

Members of the nominating committee are: R. J. Olderman, Chairman, R. K. Wilson, and Claud Turben.

May Failures Lower Than A Year Ago

May business failures while slightly higher than in April were considerable below the May total of last year. Business casualties last month, according to Dun & Bradstreet, Inc., totaled 955 and involved $9,839,000 liabilities, as compared with 938 involving $9,282,000 in April and 1,119 involving $10,065,000 in May, 1941.

The increase over April occurred in all the divisions into which the insolvencies are divided with the exceptions of manufacturing and construction. Compared with a year ago, only the Commercial Service Division recorded an increase and the Construction group was unchanged, while the remaining classifications were lower.

Manufacturing failures last month numbered 134, involving $2,924,000 liabilities, compared with 146 in April with $2,953,000 liabilities. Wholesale insolvencies increased to 69 with $877,000 liabilities from 65, with $1,132,000 in April. In the retail trade section, failures were up to 647 with $4,392,000 liabilities, compared with 624 involving $3,829,000 in April. Construction insolvencies were 63 with $1,175,000 liabilities as compared with 65 with $1,033,000 liabilities in April 1942. Commercial failures numbered 42 with $471,000 liabilities as against 38 with $335,000 liabilities in April, 1942.

When the country is divided into Federal Reserve Districts it appears that six districts had more insolvencies than in April 1942, while five had fewer failures and one remained the same. Those districts having more failures than a month ago are New York, Philadephia, Cleveland, Richmond, Atlanta and Kansas City. The districts having fewer failures last month than in April are Boston, Chicago, St. Louis, Dallas and San Francisco. The Minneapolis District had the same number of insolvencies in May as in April.

Tomorrow's Markets Walter Whyte Says——

(Continued from page 2197)

cline from present levels will go very far or last very long.

* * *

So far all that I've said is based on the market interpretation of the war picture. There are still domestic developments, taxes, priorities, etc., to consider. These are by no means clear. That they will have an effect on security prices is a certainty; some of it adverse. But either the market knows something, or it knows nothing, for it doesn't act worried or disturbed.

* * *

Reducing it down to averages, say the Dow Jones, I expect the current setback to carry down to about 102. At this writing they're about 104. At the lower figure I believe the market will once again fall asleep and move sideways, though it is possible that if additional news of the sort we got from Midway comes along, the market will resume its upward trend without any further waste motion. But failing any specific news a dull, trendless series of sessions is indicated.

* * *

Naturally there is another side also, a side highlighted by the war. For while the market may go up on further good news it may by the same token go down on bad news. The careful trader will therefore keep in mind the stops applying to the securities recommended by this column.

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Our Reporter's Report

(Continued from first page)

generally assumed that ultimately the Reserve will be faced with one of two alternatives, viz., extensive open market operations by Reserve Regional Banks, or a general lowering of the required reserve for all system institutions in order to forestall any hardening of interest rates.

Commission Is the Thing

That the rank and file of firms engaged in the distribution of securities is still vitally interested in the opportunity to make a dollar became evident in connection with the recent financing done for the Virginia Public Service Company.

This $36,500,000 undertaking consisted of $26,000,000 of first mortgage 3¾% bonds and $10,500,000 of 5% debentures. The latter carried a selling commission of 2½ points for dealers, against a rate of ½ point for the bonds.

As it developed dealers displayed only meager interest in the bonds as long as debentures were available. Consequently the latter moved out first with distribution being completed while the bonds remained only 75 to 80% sold.

But once the debentures were cleaned up and all effort concentrated in the bonds the latter began to move out briskly.

New Money Issue Goes

Quality apparently is the element needed to assure success of a new money undertaking at the moment. At any rate, underwriters found no difficulty in disposing of the $15,000,000 of 30-year 3s, brought out for the Public Service Electric & Gas Corporation.

Brought out at 104½, this issue, though getting away to a somewhat sluggish start, moved quickly to buyers, with institutional investors snapping up the first opportunity, in some time, to put fresh funds into a utility issue.

Some of the more recent offerings which proved a bit "sticky" in the initial stages, are now reported to have been worked out quite satisfactorily, these including the R. H. Macy & Co. issue and the financing undertaken by Philip Morris & Co., Ltd., Inc.

Switching In Good Rails

Shuffling of railroad sections of their portfolios by insurance companies is providing a fair run of day to day business, better known in the trade as the "bread and butter" business.

Insurance portfolio managers have been reported busy for some weeks culling their railroad holdings with a view to shaking out less desirable investments, judged on the basis of long-term prospects.

Such segregation is understood to be still going on. But in addition these companies are reported being found frequently on both sides of the market in better grade issues, indicating "switching" is fairly active.

Secondary Deals Still Sought

Investment dealers and underwriting firms are finding plenty of time on their hands in which to take care of the recurrent secondary distributions that have been coming on the market in recent months.

These undertakings are attractive in a general sense considering the rather liberal commission which normally is available on such business.

But of late it is understood that several such deals have been slow in working out, notably in the case of several blocks of rail and utility bonds, with the result that the firms underwriting the business, have temporarily at least, seen their profit by way of commission, substantially offset by paper losses on the deal as a whole.

Conferees Vote $50 Army--Navy Base Pay

The Senate-House Conference Committee on the Readjusted Service Pay bill on June 9 followed out the instructions of the full Senate and House and voted to increase to $50 a month the base pay of buck privates and apprentice seamen in the Army, Navy, Marine Corps and Coast Guard.

The conference group had twice previously compromised on $42 a month and later on raised it to $46. The House rejected on May 27, by a 332 to 31 vote, the first compromise, insisting on the $50 a month approved by it on May 13; and the Senate on June 8, by a vote of 58 to 20, refused to agree to the $46 figure, instructing its conferees to approve the $50 basic pay.

In passing the bill originally on March 30, the Senate voted in favor of a $42 monthly base pay. The House, however, on May 13, raised this figure to $50; referred to in these columns May 21, page 1941.

Under the bill, first-class privates and seamen, second class, will receive $54 a month, while higher grade enlisted men will get corresponding increases and second lieutenants and ensigns are granted a $300 yearly increase.

The pay increases are to become effective as of June 1.

The fight in the Senate for the higher base pay was led by Senator La Follette (Prog., Wis.).

Hearings Postponed

The hearing originally scheduled for June 8 by the Securities and Exchange Commission to determine whether the registrations of William T. Maloney, Dover, Del., and John L. McDaniel, Wilmington, Del., should be suspended or revoked, were postponed till June 15.

UP-TOWN AFTER 3

THE MOVIES

"I Married An Angel" (MGM), Jeanette MacDonald and Nelson Eddy; with Edward Everett Horton, Binnie Barnes, Reginald Owen, and others. Directed by Maj. W. S. Van Dyke II. Back in the summer of 1938 Dwight Wiman took the Vaszary Janos story, gave it a Rodgers and Hart musical treatment opened it at the Shubert in New York and ran it until February, 1939. As a top flight musical it was rated a hit. But either the story isn't good movie material, the actors don't seem real, or the plot itself, in the light of today's headlines, is so dated, that it becomes just another one of those things. The love life of a playboy Budapest banker may have been very amusing in 1938. But this is 1942 and the people of Budapest, I'm sure, aren't standing around street corners singing "I Married An Angel" or casting admiring glances at the gentry. They're probably hiding in bomb shelters. Anyway, here's the story: A young Budapest banker whose directors feel he should attain respectability by marrying, arrange a full dress masquerade at which all his companions de amour are present. But banker Eddy, bored, runs up to his room to rest, falls asleep and dreams that angel Jeanette MacDonald comes down from heaven to marry him. So they get married. But she being an angel and not familiar with mortal ways gets him into all kinds of jams. Finally Eddy awakens, runs downstairs, meets Miss MacDonald in person and marries her. There's the plot. Yet the songs are really catchy and the girls, eyestoppers. . . . **"In Old California" (Republic), John Wayne, Binnie Barnes, Albert Dekker, Helen Parrish, Edgar Kennedy, Patsy Kelly, and others.** A bing-bang western, complete with fist fights and gun battles set in the days of California's gold rush. A druggist from the effete East tries to open a drug store only to run smack into the town boss and villain. But the boss's girl is on the druggist's side. After all kinds of shenanigans the druggist gets the girl, saves the town from typhoid and the villain dies from lead poisoning. The kids will love it. . . . Two weeks ago I reviewed Paramount's **"Take A Letter, Darling."** I liked it and said so in print. For even if some of the dialogue was hackneyed I found most of it witty and amusing. For this an anonymous correspondent takes me to task. He encloses a clipping of Crowther's (N. Y. "Times") review, and my review and asks, "Did you really see the picture or is it a plug on general principles? Or was it a rewrite of the press release of Paramount?" It might interest my anonymous correspondent to learn that movie companies do not send rave reviews to movie critics. They furnish a synopsis of the plot and the cast. Furthermore, of all the movie companies my relationship with Paramount is the least pleasant. But that's a personal matter and has nothing to do with my reviews. If my correspondent is further interested I suggest he read the reviews of "Take A Letter, Darling" as they appeared in the "Herald-Tribune," "Newsweek" and the "New Yorker," just to name a few.

DOING THE TOWN

The jam at **Fefe's Monte Carlo Beach** (it's a night club, "Beach" is put in to make it sound more interesting), like a Times Square rush hour. **James A. Farley** and **Mrs. Farley** towering over the mob. They're both that tall. Chubby **Ham** (Joe Palooka) **Fisher** and novelist **Louis Bromfield** head to head. Columnists all over the place. **William Randolph Hearst, Jr.,** with **Lady Ashley**, who was Mrs. Douglas Fairbanks. **Anatole Litvak** and **Otto Preminger. Gene Caverello** and **Fefe Ferry** with Chesire-like grins at the milling mob. Same bartenders. Same headwaiter, **Bobby.** Same check room girl, **Edith.** The room is a little different but still a show window for cafe society, Hollywood and Broadway. Smooth dance music by **Sonny Kendis** and rhumba beats by **Don Caballero's** outfit. It all adds up as a fine place to have yourself a time in. . . . Songstress **Linda Ware** tells of the time she was hiring a maid and asked her first applicant for her references. "I tore them up," said the maid. "That was a silly thing to do," replied Linda. "No ma'am," answered the maid. "You shoulda seen what they said." . . . The skeptical are always knocked for a loop when the **Cotillion Room's** "mind reader" **Myrus,** starts batting 'em out. Give him you initials and he tells you the full name, address, phone number. Sure, it's a stunt and it can't be done. But Myrus does it. Rest of the show at the elegant Cotillion Room just fair, though **Beverly Whitney**, who doubles from "Let's Face It," is a charming singer. . . . **Meyer Davis** spots **Paulette Goddard** at the **Mayan Restaurant** with a worried look on her face. "I had it on the tip of my tongue a minute ago and now it's gone," she says. "Don't worry, it'll come back to you," replies Meyer. "I'm not so sure," explains Paulette. "It was a postage stamp." . . . The Johnson Bill which calls for payments to parents and dependents of fighting men certain sums of money says two parents rate $25 a month. Then the Bill goes on to explain that the Government will contribute **"an additional $5 for each parent in excess of two. . . .** The **Penthouse Club** must be quite popular with high Army, Marine and Naval officers. Hardly ever saw the room without an Army General, a Marine Colonel or at least a Naval three striper. . . . **Sherman Billingsley**, owner of that 53d St. saloon, walking down Madison Ave., his forefinger buried in his nostril . . . very elegant, and so chic, my deah.

Sees Higher Taxes As Threat To War Effort

(Continued from first page)

	Sales Billed	Income Before Fed. Taxes	Taxes	Income After Fed. Taxes
	$	$	$	$
1st Quarter 1942	112,159,411	22,930,312	18,805,658	4,124,654
1st Quarter 1941	81,141,645	13,866,680	8,239,415	5,627,264
Increase	31,017,766	9,063,632	10,566,243	—1,502,610

"The significance of these figures lies in the fact that notwithstanding the great increase in output which should and did increase the operating profit and the gross income, the final result was substantial reduction in net income on account of the great increase in Federal taxes, which taxes were accrued at a rate less than that now proposed. Further, this reduction in net income for the 1942 period came about after the company had completed new financing to the extent of more than $56,000,000 of which over $36,000,000 was obtained from the sale of additional stock that in good faith essentially involves a 20% increase in the company's dividend liability.

"A preliminary examination of our income for April, 1942, discloses a net income of less than $1,000,000 after provisions for taxes on a business of over $41,000,000. This represents a return of slightly over 2% on such business and less than 50% of the net income for April, 1941. This is not enough profit to pay even modest dividends to stockholders and continue reasonable wages to employees, without considering the well-recognized necessity to make some financial provision to cover present and post-war conditions. We are alarmed over the situation. We are frankly wondering what is to become of the company."

In conclusion, Mr. Robertson said:

"It is hardly necessary to add that this is not a plan for war profits. It is written to emphasize the fact that we must have money left after paying expenses (and taxes in any form are expenses), if we are to keep the factory doors open and do the job that must be done 24 hours a day."

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Drastic Taxation May Handicap Govt. Financing, Says Vandenberg, Opposing Additional Burdens

The contention by Senator Vandenberg (Republican) of Michigan that too drastic taxation might seriously handicap Government financing was coupled on June 6 with an indication as to his concern that levies in the pending new revenue bill might be too high on both individuals and business. This is learned from Washington Associated Press advices June 6 which further said:

> He is convinced, he told reporters, that there should be no reduction in present individual income-tax exemptions, and said he will fight for retention of existing ones when the tax bill, now before the House Ways and Means Committee, reached the Senate.
>
> Senator Vandenburg, an influential member of the Senate Finance Committee, said he believed Congress should place primary emphasis not on the amount of new taxes that could be raised but on keeping the economic machine functioning in such a way that individuals and business would have sufficient money to invest in government bonds.
>
> "It is far less important," he said, "for us to raise an additional one or two billion dollars in taxes than it is for us to preserve functioning economic resources out of which the government can safely borrow the funds to close the gap in the balance sheet."
>
> The placing of too great a burden of taxation on the American people, he said, would almost certainly be followed by complete cessation of private bond purchases and the government would have to turn to the banks for its financing.
>
> The House Ways and Means Committee has voted tentatively to lower individual income tax exemptions from $1,500 to $1,200 for married persons and from $750 to $500 for single persons.
>
> Commenting on this decision, Mr. Vandenberg declared:
>
> "This is chiefly a device for increasing further the burdens on present income taxpayers. The low income groups would be better off under a sales tax than under lowered exemptions."
>
> He said a comparable reduction in individual exemptions in the 1941 revenue bill had produced only $47,000,000 from 2,275,000 new taxpayers but had extracted an additional $256,000,000 from those who already were paying income levies.

Following Senator Vandenburg's assertions the statement was made on June 7 by Representative A. Willis Robertson (Democrat) of Virginia, that the task of drafting war-time legislation "was not made easier by warnings to the American people by distinguished members of the Senate Finance Committee of the undesirability of high taxation on certain tax-paying groups." According to the Associated Press, Mr. Robertson mentioned no names in dictating this statement, but the reference obviously was to Senator Vandenberg.

From the Associated Press Washington advices June 7, we also quote:

> Rep. Robertson, a member of the House Ways and Means Committee, which is drafting tax legislation, declared that "when Secretary Morgenthau said last week that $8,700,000,000 was the least in new revenue that should be raised at this time, he stated a fundamental truth with which all economists agree."
>
> "The members of the Ways and Means Committee," he added, "are under no delusions concerning the unpopularity of high taxes, but we see no escape from high taxation as part of the sacrifices required to win this war.
>
> "Speaking only for myself, I firmly believe that the American people will gladly make any necessary sacrifices in the present effort with respect to taxes. All that they ask is that the burden be distributed as fairly as possible."

'Gas' Rationing In East Revised—Basic Rate Up

Motorists in the East Coast area where gasoline is being rationed will find much tighter regulations when their present temporary rationing cards expire next month, the Office of Price Administration announced on June 3.

There will be no more "X" cards permitting unlimited purchases of gasoline. Further, trucks and buses will have to have coupon books, too, although there is no intention at the present time to curtail the operation of these vehicles except as the Office of Defense Transportation may provide.

Motorists who will seek additional rations to drive to work will have to show that they have made every effort to form a car club of at least four members who ride regularly to work with the applicant.

The flow-back of coupons from the filling station to the supplier will provide an audit control of every gallon of gasoline distributed under rationing.

Joel Dean, OPA Fuel Rationing Administrator, on June 8 stated that East Coast motorists will get an average basic ration of about four gallons per week, instead of three gallons as at present, under the permanent program which will go into effect shortly after July 1. Coupon books will succeed the "meal ticket" cards. The new plan will require coupons for all gasoline purchases. Only "A" and "D" books will be issued at time of registration, the "A" book containing 48 coupons, the basic ration to which every passenger car owner is entitled, and the "D" books providing a basic ration for motorcycles. "B" and "C" books will provide supplementary rations for passenger cars for vocational, Governmental and war purposes, in addition to that provided by the "A" book. "S-1" and "S-2" books are to be issued to trucks, busses and similar vehicles. In addition, there will be "E" and "R" books for non-highway users, including boats.

The "A" books will contain six pages of eight coupons each, every page being good for 60 days. The total of these would provide an estimated year's travel of 2,880 miles, figuring out to less than four gallons per week. The "B" books will have two pages of eight coupons each, with expiration date to be determined. Each "C" book will be tailored to fit the needs of the persons receiving it, and will contain 96 coupons. However, coupons will be removed from the "C" book to provide the exact mileage required. The "S" books will provide sufficient gasoline for the needs of applicants for a four-month period.

Herbert Dewes In Army

Herbert Dewes, for the past 15 years manager of the stock brokerage business of Alexander Eisemann & Co., 90 Broad Street, New York City, and Vice President of Eisemann Industrial Corporation, who is said never to have taken a vacation during his association with the firm, has now gone into the United States Army, the firm announces. The members of the firm and other associates of Mr. Dewes gave a dinner in his honor at the Cafe Havana Madrid on the eve of his departure for camp.

United States Of Mexico

(Continued from page 2195)

"Incidentally, according to cable quotations we received from the same source for the very same securities as per May 11, May 27, and May 29, it would appear as if the rise in the prices for Mexican securities listed on the London Stock Exchange was not at all sudden and due to Mexico's war declaration around the 1st of this month. Quite to the contrary, all of the above tabulated Mexican issues since April, 1941, have been selling in the London market at practically all times approximately 1 to 2½ points higher than in the New York market, which is easily ascertainable when converting for comparative purposes the London quotations into New York terms. Employing the very same calculating methods for comparative purposes for the period from May 1 to June 1, 1942, would show:

a) That on May 1, 1942 Mexican securities were at an average of 1¾ points higher priced in the London—than in the New York market;

b) That beginning May 1, 1942 the quotations for Mexican securities started to rise very steady and consistently in the London market, the New York market not experiencing quite the same proportional price movement;

c) That the steady rise in prices throughout the month of May in the London market had finally reached on June 1, 1942, a price basis which, compared with the New York market on a parity basis, showed an average of 2½-2¾ points higher prices in London than in New York.

In view of these comparisons we are inclined to believe that the steady appreciation of the prices for Mexican securities in the London market was not entirely due to Mexico's war declaration but chiefly due to British investors foreseeing a better future outlook for Mexico for the reasons outlined in your article of June 4, 1942, although Mexico's war declaration may have been ultimately of some influence in this respect."

Post-War Rail Prospects

In spite of the generally accepted idea that the railroads, after the war, will be faced with an intensified competition from highway, waterway and airway routes, with the Government and labor unions playing dominant roles in "putting the railroads out of business," B. W. Pizzini & Co., 52 Broadway, New York City, specialists in guaranteed rail stocks and bonds, states in their "Guaranteed Stock Quotations" of June 1 that "long experience leads us to view with a considerable degree of skepticism any opinion that appears to be 'popular' or of a majority nature. It has been said that the so-called subsidized competition against the railroads had its roots in past eras of 'public be damned' attitude on the part of some of the carriers. Now we find that the railroads have not only given outstanding performance as part of the war effort but also have been called upon to handle a vast amount of freight that formerly was moved by competitive means. On top of that the public, denied the free use of the private car, has had to fall back upon the railroads for even relatively short distances of travel. This we believe is a lesson that neither the public nor the Government will soon forget. The railroads, as the most economical common-carrier service, seem assured of a dominant place in a national transportation policy."

Copies of "Guaranteed Stock Quotations," which contains a further discussion of the post-war outlook for rails and also gives quotations on all guaranteed rail issues, may be had from B. W. Pizzini & Co. upon request.

NSTA Members Now On Active Military Duty

The National Security Traders Association report that the following of its members are now on active duty in the armed forces of the United States:

Baltimore, Maryland: William A. Brown, Mackubin, Legg & Co.; Robert P. Chambers, Mackubin, Legg & Co.; Alan F. Daneker; Bernard E. Eberwein, Alex. Brown & Sons; Malcolm G. Keech, Mercantile Trust Co.; David G. McIntosh, Alex. Brown & Sons; Charles A. O'Connor, Alex. Brown & Sons; Wm. C. Roberts, Jr., Colonial Bond & Share Corp.; Norville E. White, W. W. Lanahan & Co.

Boston, Mass.: William Lundy, Draper, Sears & Co.; Russell Dean, Sears Corp.; Frank E. Voysey, Kidder, Peabody & Co.; S. Amazeen, Coffin & Burr, Inc.; Russell J. Potter, Arthur W. Wood & Co.; Paul Sughrue, W. A. Thorndike & Co.; David A. Haley, Paine, Webber & Co.; William T. Skinner, Jr., Walter J. Connolly & Co.; Edward Herlihy, Edward Herlihy & Co.; Joseph F. Robbins.

Cleveland, Ohio: Russell G. Wardley, Maynard H. Murch & Co.; Joseph Bainer, Maynard H. Murch & Co.; Martin Long, First Cleveland Corp.; Francis Patrick, Paine, Webber & Co.; Dana F. Baxter, Hayden, Miller & Co.

Detroit, Mich.: Kenneth H. Owens, Van Grant & Co.

Kansas City, Mo.: Laurence B. Carroll, Prescott, Wright, Snider & Co.; John O. Bragg, H. O. Peet & Co.; Francis G. Kulleck, Kulleck, Wheeler & Co.

Minneapolis & St. Paul: Arthur H. Rand, Jr., Woodard-Elwood Co.; John Howe, Piper, Jaffray, Hopwood; William T. Howard, J. M. Dain & Co.

Los Angeles: Milton C. Brittain, Bateman, Eichler & Co.; Ted D. Carlson, Crowell, Weedon & Co.; Pierce R. Garrett, Cavanaugh, Morgan & Co.; Max L. Hall, Dean, Witter & Co.; J. Earle Jardine, Jr., Wm. R. Staats Co.; Elmer E. Meyers, Mitchum, Tully & Co.

New York, N. Y.: Joseph F. Donadio, Strauss Bros.; Rakenius J. Possiel, First Boston Corp.; James G. Fraser, Katz Bros.; Richard H. Goodman, Cohu & Torrey.

Philadelphia, Pa.: John W. Wurts, C. S. Wurts & Co.; John F. Fant, Kennedy & Co.; Henry T. Harper, Jr., Reynolds & Co.; Herbert H. Blizzard, Herbert H. Blizzard & Co.; F. Edward Atkins, Jr., Penington, Colket & Wisner; Henry D. Boenning, Jr., Boenning & Co.; A. William Battin, Burr & Co., Inc.; Benjamin H. Lowry, Laird & Co.; William Gerstley, 2nd, Gerstley, Sunstein & Co.; Leonard S. Bailey, Hemphill, Noyes & Co.; Donald W. Darby, C. C. Collings & Co.; Richard H. Oller, Suplee, Yeatman & Co.; John A. Milburn, Hecker & Co.; Carlos M. Cardeza, Penington, Colket & Wisner; Chas. E. Halcomb, First Boston Corp.; Henry H. Patton, Henry H. Patton & Co.; John B. Swann, Jr., Lilley & Co.; Joseph B. Smith, Newburger & Hano.

St. Louis, Mo.: Edward E. Haverstick, Jr., G. H. Walker & Co.; Frank E. Pelton, Jr., C. J. Devine & Co.; Oscar W. Rexford, First Boston Corp.; Earl Essert, Semple, Jacobs & Co., Inc.; C. T. Ayers, Taussig, Day & Co.; A. F. Stark, Edward D. Jones & Co.; Edward Stegman.

The Association will appreciate other members called for service notifying the National Secretary, Bert Ludington, Watling, Lerchen & Co., Detroit, Mich.

Defaulted Rails Interesting

B. S. Lichtenstein & Co., 99 Wall Street, New York City, have prepared for distribution a discussion entitled, "The Case for a Non Reorganization Defaulted Rail Bond." Copies of this interesting discussion may be had upon request from the firm.

Discuss Incorporating N. Y. Exchange Firms

The proposal to permit incorporation of members of the New York Stock Exchange and to admit to Exchange membership outside incorporated firms, which has been under informal discussion by the Governors of the Exchange, will come up for definite action shortly, it is understood, with the presentation to the Governors of a proposed amendment which it is hoped will be approved for submission to the members.

There has been a growing sentiment in favor of incorporation and it is felt that many of the large outside firms now in the underwriting and distributing business, which are incorporated, might wish to join the Exchange if the proposed amendment is adopted.

The proposed amendment would provide for incorporation of member firms, but with rigid restrictions placed on the sale of stock, so that large customers of the firms would not be permitted to buy stock thereby effecting what might be considered a rebate on their security transactions. All applicants to purchase stock in the incorporated firms would be subject to the rigid requirements now in effect for applications for partnerships.

The matter, it is understood, will be taken up with the Securities and Exchange Commission, also, but since a number of out-of-town exchanges permit corporations to hold membership, it is believed that the SEC would not object to this in the case of the New York Stock Exchange if the plan presented offers reasonable safeguards. It is understood that the Stock Exchange would like to have some of the large outside houses as members.

Annual Field Day for Pittsburgh Bond Club

PITTSBURGH, PA.—The Bond Club of Pittsburgh announces that the Club's annual summer outing will be held on Friday, June 26, at the Long Vue Club.

Features of the day will be golf, in charge of Eugene H. Lear, Reed, Lear & Co., with special awards; La Boccie, under the direction of Joseph Buffington, with prizes for the winners; trap shooting, in charge of F. J. McGuinness, Chaplin & Co.—$1.50 for round of 25, skeet-shooting available in case of rain—with prizes to the winners, and swimming.

Dinner will be at 7:15. No charge for members in good standing, guests, $3.00. Those planning to attend should communicate with Ray Taylor, Chairman of the Ticket Committee.

G. C. Bodell, Peoples Savings-Trust Co., is Chairman of the Outing Committee.

Oil Royalties Attractive

Oil royalties offer an interesting and particularly timely investment, according to Tellier & Co., 52 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association, since oil is vital for the successful operation of modern, mechanized warfare and new uses for oil are constantly being developed by modern research methods, including the manufacture of synthetic rubber. In addition, according to Tellier & Company, returns from oil royalties are based upon gross production of oil, rather than on net profits as in the case of preferred and common stocks, and also because this type of investment carries a substantial income tax deduction privilege. An interesting list of current offerings of oil royalties as filed with the Securities and Exchange Commission has been prepared by Tellier & Co., from whom copies of the list may be had upon request—ask for Schedule "A."

Calendar of New Security Flotations

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

MONDAY, JUNE 15

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). No more than $30,000 principal amount of said bonds shall mature in any one year

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 70,000 Series "K-1" full certificates of participation

Address—50 Congress St., Boston, Mass.

Business—Investment trust of fixed or restricted management type

Offering—Aggregate offering price is $893,200 based on 70,000 shares at $12.76 per share as of May 12, 1942

Proceeds—For investment

Registration Statement No. 2-5001. Form C-1. (5-27-42)

WEDNESDAY, JUNE 17

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Underwriting—E. H. Rollins & Sons, Inc., and Pistell Wright & Co., Ltd., are principal underwriters. Other underwriters are to be named by amendment

Offering—The offering price will be furnished by amendment

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

RAND'S, PITTSBURGH

Rand's filed a registration statement with the SEC for $500,000 6% sinking fund debentures, due May 1, 1957

Address—225 Ross St., Pittsburgh, Pa.

Business—Company is at present time engaged in the operation of a chain of 23 retail drug stores (including one operated by the company's wholly owned subsidiary), ten of which are located in Pittsburgh, Pa., and suburbs. The other 13 stores are located in Pennsylvania, West Virginia, Ohio and Maryland

Offering—If approved by stockholders at special meeting to be held July 17, 1942, company proposes to offer to holders of its 8% cumulative preferred stock the privilege to exchange their shares for the 6% debentures on the basis of $50 of debentures for each 10 shares of 8% cumulative preferred stock ($5 par). Such offer will expire at the close of business on August 17, 1942. Stockholders accepting such offer will be entitled to receive interest on the debentures received in exchange from May 1, 1942

Underwriting—Company has entered into an agreement with Floyd D. Cerf Co., Chicago, Ill., principal underwriter, to supervise and handle the exchange offer to the approximate principal amount of $350,000; and to sell for the account of the company, at 100 plus accrued interest from May 1, 1942, an additional $150,000 of the debentures, together with any debentures not taken by the holders of the 8% cumulative preferred stock in exchange for their shares. There is no firm commitment to purchase any of the debentures. Grubbs, Scott & Co., Pittsburgh, Pa., is co-underwriter

Proceeds—The gross proceeds to be received by the company from the sale of the $150,000 debentures will be applied to the payment of an equal amount of current indebtedness

Registration Statement No. 2-5004. Form A-2. (5-29-42)

THURSDAY, JUNE 25

HOTEL BARBIZON, INC.

Lawrence B. Elliman et al voting trustees filed a registration statement with the SEC for 5,305½ shares common stock of Hotel Barbizon, Inc.

Address—c/o Wolf, Block, Schorr & Solis-Cohen, Packard Building, Philadelphia, Pa. Corporation address 140 East 63rd St., New York City

To Extend Voting Trust Agreement—As the present voting trust agreement is to expire, July 24, 1942, the voting trustees feel that an opportunity should be given to the holders of voting trust certificates to extend the voting trust agreement. The proposed extension is for five years from July 24, 1942. Total number of shares of stock of Hotel Barbizon, Inc., outstanding is 5,305½, all common stock, which is the only stock of the company authorized or outstanding. The proposed extension agreement provides that it is to become effective only if the holders of voting trust certificates and of stock representing at least 33⅓% of the total outstanding stock of the corporation enter into the extension agreement, and even if so made effective, the voting trustees may cancel the extension agreement under certain conditions

Registration Statement No 2-5005. Form F-1. (6-6-42)

SATURDAY, JUNE 27

MILLER TOOL & MANUFACTURING CO.

Miller Tool & Manufacturing Co. filed a registration statement with the SEC for 198,013 shares of common stock, par value $1

Address—Detroit, Mich.

Business — Manufacturing and sale of auto service tools

Underwriting—Baker Simonds & Co.

Offering—Of total 52,238 shares will be offered by the company and 145,775 shares by certain stockholders. Offering price to the public will be $2 per share

Proceeds—Company will use proceeds from sale of stock for working capital

Registration Statement No. 2-5007. Form S-2. (6-8-42)

WESTERN INVESTORS FUND, INC. (Washington)

Western Investors Fund, Inc. (Washington) filed a registration statement with SEC for an aggregate of $1,200,000 "Series E" certificates. Agreements will be issued calling for maximum payments of $1,800, $4,500, $9,000, $13,500, $18,000, and multiples of $18,000. Statement says it is impossible to state the exact number of each that will be issued

Address—Central Building, Seattle, Wash.

Business—Investment company

Underwriting—Western Investors Fund, Inc., sponsor

Offering—Provides for periodic payments to the sponsor at the rate of $10, $25, $50, $100, or larger amounts in multiples of $100, at regular intervals over a period of approximately 15 years, or until the maximum payment called for by the plan has been paid

Proceeds—For investment

Registration Statement No. 2-5006. Form C-1. (6-8-42)

SUNDAY, JUNE 28

G. C. MURPHY CO.

G. C. Murphy Co. filed a registration statement with SEC for 90,000 shares of cumulative preferred stock, par $100 per share. The dividend rate will be supplied by amendment

Address—531 Fifth Avenue, McKeesport, Pa.

Business—The company operates a chain of 207 retail stores in 12 states and the District of Columbia, selling a wide variety of merchandise for cash and at unit prices ranging principally from 5 cents to $5, although a limited number of articles are sold at prices in excess of $5

Underwriting — Merrill Lynch, Pierce, Fenner & Beane is the principal underwriter. Names of other underwriters and the amounts they will purchase will be furnished by amendment

Offering—Company is offering to the holders of its outstanding 5% cumulative preferred stock, on a share for share basis, a total of 40,000 shares of the new preferred stock. The underwriters will purchase 50,000 shares of the proposed new preferred plus the shares not subscribed for by present preferred stockholders. Offering price to the public will be supplied by amendment

Proceeds—Net proceeds will be used to provide for redemption as of Oct. 2, 1942, of all the outstanding 5% cumulative preferred stock of the company at $105 per share plus accrued dividends which will require approximately $4,250,000 and the balance of such net proceeds will be used to increase the working capital of the company which will be applied approximately as follows: $2,000,000 to increase inventories, approximately $400,000 for additions and improvements to property and equipment, and the remainder of such addition to the working capital of the company to increase cash. The redemption of the 5% cumulative preferred will be accomplished substantially concurrently with the issue of the new preferred stock

Registration Statement No. 2-5008. Form A-2. (6-9-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.

Business—Manufacturing and distributing bakery products in southern states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendment filed May 29, 1942, to defer effective date

Withdrawal request filed June 6, 1942

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

Amendment filed May 26, 1942, to defer effective date

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m., EWT on June 6, 1941

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co. a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed May 23, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed May 22, 1942, to defer effective date

GILLHAM MINING CO., INC.

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

Address—30 No. La Salle St., Chicago, Ill.

Business—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

Underwriting and Offering—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

Proceeds will be used for corporate purposes, including further developing and exploring of properties now owned by the company

Registration Statement No. 2-4964. Form S-3 (2-12-42)

Registration effective 1 p.m., EWT on June 6, 1941

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed May 29, 1942

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendment filed June 4, 1942, to defer effective date

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

Address—Croydon, Pa.

Business—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

Underwriters—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

Proceeds will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

Registration Statement No. 2-4990. Form S-2. (4-23-42)

Amendment filed June 3, 1942, to defer effective date

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed May 23, 1942, to defer effective date

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

Amendment filed May 25, 1942, to defer effective date

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendment filed May 22, 1942, to defer effective date

Withdrawal request filed June 8, 1942

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed May 25, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946,

$62,000; and debentures maturing 1947, $65,895

Underwriting—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

Proceeds of $48,105 (1943 maturity) will be used for working capital

Registration Statement No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Amendment filed May 22, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed June 1, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2 (3-30-40)

Amendment filed May 29, 1942, to defer effective date

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed May 22, 1942, to defer effective date

WEST INDIES SUGAR CORP.

West Indies Sugar Corp. filed a **registration statement with the SEC for 453,691 shares of common stock, $1 par**

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; **National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment**

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

Amendment filed April 21, 1942, to defer effective date

Investment Trusts

(Continued from page 2199)

first grade credit would mean a drop in price of 20 to 25 points for high-grade bonds of moderately long-term and such a drop, in turn, would mean the loss of five or six years' interest. So these bonds are a speculation on the course of interest rates and this is entirely aside from any question of deterioration of quality in individual issues.

Municipal Bonds

"The great bulk of municipals are high-grade and the foregoing discussion of high-grades applies equally to them. They are, however, subject to a special danger. Their tax immunity has been threatened from the highest places in our Government. So far Congress has withstood these attacks but the danger that they will eventually succeed may not be ignored. Furthermore, many municipals whose revenues are derived from special funds, such as bridge, tunnel and highway tolls, face grave reduction of these funds through war time dislocations. Recent erratic price action of many such issues speaks for itself.

Medium-Grade and Semi-Speculative Bonds

"Any bond, not of strict investment grade and consequently responsive in its price movements to earnings rather than to money rates, naturally carries an element of speculation. Under present circumstances many such issues are improving their status since gross earnings are rising under the influence of a war economy and bond interest comes before income taxes.

Preferred Stocks

"High-grade preferreds may be lumped roughly with high-grade bonds. There is a customary differential between the yields of these two media and, if high-grade bonds decline, high-grade preferreds can scarcely fail to do likewise. Thus they are an indirect speculation in interest rates. Lower grade preferreds fall more nearly into the classification of common stocks and are subject to the influences of earnings and taxes. They have always been recognized as containing a considerable element of speculation.

Common Stocks

"It is scarcely necessary to say that common stocks as a class are always speculative although with great variation in degree as between individual issues. To the usual factors which influence these evidences of partnership in business, there must be added today increases in volume of business on the one hand and the effects of scarcities, price ceilings and mounting corporate taxes on the other.

"Therefore, it seems that we are all speculators in some degree today, voluntarily or involuntarily and whether we act or do nothing. This is not meant to be an alarming statement. The line between intelligent speculation and investment has never been sharply drawn nor has it ever been capable of being sharply drawn. The fact that it is more than usually nebulous today does not mean that investable funds cannot be employed to advantage. It does mean, however, that some of the old yardsticks must be viewed with suspicion.

"There are opportunities under today's conditions both in the bond field and the stock field. But 'earnings bonds,' selling at discounts and with rising interest coverage, may be a more truly conservative purchase than high-grade, low-yielding bonds which can only move significantly in one direction. Certain stocks, including favored blue chips, may still be high in relation to the earnings that will be left to them after the impact of the 1942 Revenue Act, whereas others, both in and out of the blue chip category, look cheap under any tax schedule that has been proposed. Many of the rails seem outstanding examples of this latter class because of their freedom from excess profits imposts.

War Bonds

"We have purposely left the discussion of one investment until last. War Bonds are being bought and will be bought by patriotic Americans as their contribution toward victory, without special regard to investment advantages. Nevertheless, the advantages are there. The discount bonds which make up the bulk of public purchases are not only certain to return the invested principal but to return it with an accretion of 33⅓%. And, in the meantime. there is a guaranteed schedule of redemption prices to protect the dollar value of the investment; a vital safeguard not obtainable in other high-grade bonds.

"So our investment suggestion is this. Buy War Bonds to the full extent of your ability to forego current income. And for that portion of your funds on which you must have a liberal return to meet increased taxes and living expenses, today's opportunities are ample. But their realization requires experienced investment management, alert to new and changing conditions."

Investment Company Briefs

Calvin Bullock reports that dividends paid or declared during the first five months of 1942 on the 100 stocks held in the portfolio of Dividend Shares compared with the same period last year are as follows:

	No. of Stocks
Dividends at same rate per share*	65
Dividends smaller than in 1941	16
Dividends larger in 1942 than in 1941	11
Dividends omitted in 1942, paid in 1941	3
Dividends paid in 1942, not paid in 1941	3
Special†	2
Total stocks in portfolio	100

*Including stocks which paid no dividends in first 5 months of either year.
†No basis for comparison.

In commenting on this record, Calvin Bullock points out that: "The foregoing experience, it must be emphasized, covers only the first five months of 1942. It is likely that the balance of the years will see many further revisions in dividend payments as compared with 1941, especially in the final quarter when many corporations in recent years have paid year-end 'extras.' Nevertheless, the figures to date are probably considerably better than most investors would have predicted in January and one wonders whether the dividend reductions for the year as a whole may not be less than anticipated.

During May considerable changes were made in the portfolio of First Mutual Trust Fund. As of May 1, 1942, cash amounted to 26.07%, bonds 19.04%, and common stocks 54.89% of the portfolio. As of June 1, 81.72% was invested in stocks, 13.63% in discount bonds, and 4.65% in cash or receivables. Additions to the portfolio included Air Reduction, Bethlehem Steel, Celanese Corp., Chicago Pneumatic Tool, Douglas, General Motors, Great Western Sugar, International Harvester, International Nickel, Libby-Owens-Ford, Magma Copper, North American, Northern Pacific, Paramount Pictures, Standard Oil (N. J.) and Woolworth.

New War Foods Board

A nine-man Foods Requirements Committee was established on June 5 within the War Production Board to control the production and allocation of civilian and military food supplies. The new committee, appointed by Donald M. Nelson, Chairman of the WPB, is headed by Secretary of Agriculture Claude R. Wickard. It will determine the direct and indirect military, other governmental, civilian and foreign requirements for foods, and the amount by which the domestic production or importation of foods, or the agricultural materials from which foods are derived, shall be increased or decreased to meet such requirements.

In addition to Secretary Wickard, the other committee members and the agencies they represent are as follows: L. S. Stinebower, State Department; Brig. Gen. Carl A. Hardigg, War Department; Rear Admiral W. B. Young, Navy Department; W. B. Parker, Board of Economic Warfare; Dr. John Orchard, Office of Lend-Lease Administration; Roland S. Vaile, Division of Civilian Supply of the WPB; Douglas C. Townson, Division of Industry Operations of the WPB, and T. L. Daniels, Materials Division of the WPB.

A WPB statement explained:

When all of the facts, programs and estimates on food requirements have been assembled and studied the Food Requirements Committee will, broadly speaking, make a final decision on how all foods shall be produced and allocated in the light of their availability and of the material and equipment necessary to produce, process, transport and store them.

To guide the Committee in reaching its decisions each government agency concerned with the production and use of food will act as a channel of information. The Department of Agriculture will report regularly on the progress of domestic food production and, after consulting with the State Department and the Board of Economic Warfare, on programs formulated for the importation of foods and agricultural materials from which foods are derived.

The War and Navy Departments will report on their special war-time requirements for food. The Division of Civilian Supply of the WPB will draw up lists of food supplies considered essential for home civilian consumption.

The Division of Industry Operations of the WPB will report on available stocks of non-food materials, such as cotton and rubber, which are processed from agricultural materials. And the Board of Economic Warfare and the Office of Lend-Lease Administration, together with the State Department, will estimate the food requirements of our allies.

Mr. Nelson emphasized in his order that the Office of Price Administration will continue to administer rationing.

Chairman Wickard said on June 7 that the committee's first big job will be to determine the quantity of various types of food needed to supply military, civilian, lend-lease and other demands and after that will come decisions affecting production and allocation.

Mr. Nelson's intention to set up a Food Committee was noted in our May 28 issue, page 2034.

Piper, Jaffray To Admit Grandin & Macfadden

MINNEAPOLIS, MINN.—Effective June 18, Piper, Jaffray & Hopwood, 115 South Seventh Street, members of the New York, Minneapolis-St. Paul and Chicago Stock Exchanges, will admit Charles L. Grandin, Jr. and William S. Macfadden to partnership in the firm. Both have been associated with Piper, Jaffray & Hopwood for some time.

Public Radio-Telegraph Traffic In U. S. Closed

Chairman James Lawrence Fly of the Defense Communications Board, May 28 announced that the Board directed the closure of all public domestic point-to-point radio circuits within the continental limits of the United States, effective midnight, June 30, 1942. Provision is made, however, that upon proper showing to the Federal Communications Commission and a finding by that Commission that a particular circuit is necessary to meet a vital public need, the DCB will seek ways and means to meet that need.

Transmission of private messages over domestic radio circuits," Mr. Fly explained, "can be heard and easily monitored outside the United States. In many instances the nature of these private messages can give information of value to the enemy. The burden of possible censorship has been deemed insoluble within reasonable limits of available manpower and funds. In any event, the censorship which would be necessary if these circuits remained, would involve a delay in transmission not necessarily found in the case of domestic wire circuits."

Eighty stations operated by eleven companies are affected by the order. The chief carriers concerned are: R. C. A. Communications, Inc., Mackay Radio and Telegraph Co., Tropical Radio Telegraph Co., Globe Wireless, Ltd., Press Wireless, Inc. (press only), Radiomarine Corp of America, Central Radio Telegraph Co., Michigan Wireless Telegraph Co., Wabash Radio Corp., Pere Marquette Radio Corp. and the Western Radio Telegraph Co. Their total traffic is considered quite small in comparison with all domestic message volume. Chairman Fly stated that adequate wire line communications facilities remain available to all users of these domestic radio circuits.

If upon recommendation of the Federal Communications Commission the DCB should permit any particular circuit or circuits to remain in business, it will follow as a matter of course that they will be effectively censored. Routine precautionary measures, including monitoring by the FCC Radio Intelligence Division, will continue in any case.

Not affected by the DCB order of today are the coastal and ship-to-shore radio stations, which are under the control of the Navy Department.

Gen. Ayres To Retire

Brig. Gen. Leonard P. Ayres, Chief of the Service of Statistics of the War Department, will be retired on June 30 because of age, the Department announced on June 8. Gen. Ayres, who has been on leave as Vice President of the Cleveland Trust Co. since Oct. 7, 1940, is to return to his bank duties on July 6.

Gen. Ayres' retirement is a result of a law passed in 1940, going into effect this year, requiring all colonels reaching the age of 60 and all brigadier generals reaching 62 by June 30, 1942, to be retired.

Gen. Ayres' career in the United States Army, active and reserve, has extended over several decades. He is a veteran of World War I, in which he served as chief statistical officer of the U. S. Army and the American Expeditionary Force. He was made a full Colonel in October, 1918, when in France, and was called back to active duty in October 1940 to serve in the dual capacity of Director of the War Department Statistics branch and coordinator of all War Department statistics. Last July, President Roosevelt raised Mr. Ayres to the rank of Brigadier General; noted in these columns of July 19, page 333.

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N. Y. Savings & Loan League Will Meet

The New York State League of Savings and Loan Associations opened its 55th Annual Convention at Saranac Inn, Saranac, N. Y., on June 9. the sessions continuing through June 10, 11 and 12. "Savings and Loan in a War Economy," is the convention theme. Delegates from all parts of the State to the number of over four hundred were expected to attend. The program announced by the League's executive officer, Zebulon V. Woodard, stressed the part which savings and loan associations can play in ading the Government through financing of war housing, participation in the sale of War Bonds, and in stressing the importance of thrift to the general public as a vital means of preventing inflation. Among those scheduled to address the Convention were Abner H. Ferguson, Commissioner, Federal Housing Administration, Washington, D. C.; and Nugent Fallon, President, Federal Home Loan Bank of New York.

Childs Again Heads Baltimore Adv. Club

BALTIMORE, MD.—W. T. Childs, of Stein Bros. & Boyce, has been elected for the fourth consecutive year President of The Advertising Club of Baltimore.

Modify New York Stock Exchange Offering Plan

The Securties and Exchange Commission announces that it had declared effective the plan of the New York Stock Exchange for "special offerings" as modified by amendments filed with the Commission on May 11, 1942. The SEC announcement issued May 21 said:

"The Commission's action makes effective certain changes in the special offering plan of the New York Stock Exchange, which was originally declared effective on Feb. 14, 1942. The principal changes made by the amended plan relate to: the price at which special offerings are permitted in relation to the current bid price for the same security in the 'regular way' market; suspension of special offerings for a limited period in the event a 'regular way' offering enters the market below the price of the special offering; allocation of securities specially offered when buying orders for such securities exceed the amount of the offering. Other changes are technical in nature."

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Purcell Reappointed to SEC

The Senate on June 4 confirmed the reappointment of Ganson Purcell of New York for a five-year term as a member of the Securities and Exchange Commission. Mr. Purcell's present term expired on June 5. Mr. Purcell, who became Chairman of the SEC in January this year, was appointed a member of the Commission by President Roosevelt on June 11, 1941, for the unexpired portion of the term ending June 5, 1942. The President renominated him for a five-year term on May 25.

Mr. Purcell's election to the SEC Chairmanship was referred to in our Jan. 22 issue, page 326.

The Bond Selector

(Continued from page 2194)

erties formerly owned by these two companies prior to their consolidation with Scranton-Spring Brook Water Service Company.

The company's earnings have been characterized by stability over the past ten years, although the margin of earnings over and above fixed charge coverage has never been very wide. The following shows some salient items from the income account for the twelve months ended March 31, 1942, compared with the same period ended in 1941:

	1942 (000)	1941 (000)
Water revenues	$3,327	$3,271
Gas revenues	906	932
Total operating revenues	$4,233	$4,204
Operating expenses	1,126	1,144
Maintenance	307	263
Depreciation	263	263
Income taxes	206*	117
Other taxes	155	145
Operating income	$2,175	$2,273
Available for fixed charges	2,175	2,264
Total fixed charges	1,823	1,820
Balance	352	444
Times charges earned	1.19	1.24

*Taxes accrued at 46%; no excess profits tax.

At March 31, 1942, gross property account was carried at $55,082,000, and after depreciation reserve of $5,764,000, the net figure was $49,318,000. Total funded debt is $35,400,000, of which $18,500,000 represents the combined prior liens of Scranton Gas & Water ($11,000,000) and Spring Brook Water Supply ($7,500,000), this amount being equivalent to a ratio of debt to property of 52%. Mortgage position of the junior Scranton-Spring Brook Water 5s, 1961 and 1967, is therefore not particularly good; the senior liens, however, appear to be well secured, as stated previously.

The company's property includes 90 storage and distribution reservoirs fed by mountain streams collecting water from over 800 square miles of well-timbered drainage basins and yielding an average of about 277,000,000 gallons a day. Average daily consumption is about 84,000,000 gallons. Service is rendered to over 127,000 water customers and 3,900 public fire hydrants through 1,289 miles of mains. The gas generating plants have an installed daily capacity of 3,850,000 cubic feet, which compares with an average daily production of 2,510,000 cubic feet in 1940. The seven gas holders have an aggregate reserve capacity of 2,300,000 cubic feet; 29,000 metered gas customers are served through 298 miles of distribution mains.

The following gives current markets, the range during 1942, together with present call prices:

Issue	Present Call Price	1942 Range	Approximate Current Price
Scranton-Spr. Br. 5s 1961	104	101 — 96	97½
5s 1967	103	101 — 96	97½
Scranton Gas & Water 4½s, 1958	103	104¾—102¾	103⅞
Spring Brook Water 5s, 1965	107½	110¼—107	114¼

Our Reporter On "Governments"

(Continued from First Page)

doing so, why must we in the United States constantly worry about changes in the interest rate level? . . . Particularly when we have been told time and again that the Federal Reserve System and the Treasury are doing and will do all within their power to keep rates stabilized. . . .

The length of this discussion indicates its importance, for once you have decided on the probable course of interest rates in the coming months, you may go on from there and work out an intelligent war-time portfolio policy. . . .

MATURITY SCHEDULE

Repeatedly in recent columns, the growing significance of maturity and the declining significance of price fluctuation has been stressed. . . . The reasons are these. . . .

(1) In the over-all war financing policy now being developed in Washington, maturity is receiving unprecedented emphasis. . . . Banks are being given and will be given securities of short-term maturity. . . . Individuals will be given war bonds. . . . Insurance companies and institutions of similar calibre will be given long-terms. . . . Corporations with some excess cash on hand will be given certificates and short-terms of slightly different type than the issues designed for banks. . . .

(2) If you can agree with the comments above—which lead to the conclusion that worry about important price fluctuation is useless now—you may concentrate entirely on a maturity schedule for your institution. . . .

(3) If you agree with the banking authorities of the Nation that maturity schedule may be spread out over the one to 15-year range with the average running around eight to 10 years or less, depending on the needs of your community. . . .

As far as maturity goes, there seems considerable interest these days in the so-called "Pfeffer plan," a maturity plan worked out by Delmont K. Pfeffer of the National City Bank. . . . In short, Pfeffer's suggestion is that the Treasury sell a serial issue (the similarity between this idea and the usual thing in municipal finance is obvious) maturing in equal amounts from one to 10 years. . . . Buyers would be required to take one-tenth of their allotments in each maturity, although as soon as the securities were issued, there would be no restrictions on marketability of all or part of the various serial loans. . . .

The Pfeffer plan makes sense and apparently it is being given consideration not only in Wall Street but also in Washington. . . . The good points about it are that it would simplify the Treasury's job of finding exactly the right maturity for all banks for the buyers would have a choice of many maturities and could pick as they wished. . . . It would simplify the banks' portfolio job, too, for the maturity distribution would be made to order. . . .

Since the Treasury admits it hasn't yet worked out all details of its over-all financial policy, the Pfeffer plan has a good chance of adoption in at least a modified form. . . .

INSIDE THE MARKET

The June cash borrowing is to come shortly after the 15th of the month. . . . Beginning June 10, the Treasury's weekly cash bill offerings go up from $250,000,000 to $300,000,000, meaning the Treasury gets $150,000,000 new cash every week. . . . The money is coming in—but still it's the banking system that's the main backlog. . . .

Short-terms coming this month, according to all preliminary reports. . . . Maybe as short as nine months, which would be disappointment to dealers and institutional investors looking for income. . . . Market obviously being readied for a long-term soon. . . .

Prices are firm, positions in good shape. . . . Nevertheless, the market has been duller in recent weeks than at almost any previous time. . . . Virtually no trading. . . . Dealers just working on ways they can help distribute future issues of Governments as widely as possible. . . . Market positions reported as exceedingly small. . . .

No getting away from it. . . . The days of booming, active, exciting and widely fluctuating Government prices are gone for a long time to come. . . .

Estimates are bank deposits will rise around $30,000,000,000 this coming fiscal year. . . . That would necessitate a $6,000,000,000 jump in required reserves. . . .

Required reserves now total $10,000,000,000. . . . Aggregate reserves are $12,467,000,000. . . . The excess, therefore, is only $2,500,000,000. . . .

Which seems to indicate that reserve requirements will have to be altered to permit a $5,000,000,000 rise in the surplus. . . . That would mean halving the requirements. . . .

First action on this should come before fall. . . . Maybe in midsummer. . . . Timing is becoming less important now that the inevitability of the action is obvious. . . .

Banks held $25,000,000,000 of Governments in May, according to the Treasury bulletin. . . . They may be holding at least $50,000,000,000 and possibly more by May of 1943. . . .

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 8 that the tenders for $300,000,000, or thereabouts, of 91-day Treasury bills to be dated June 10 and to mature Sept 9, which were offered on June 5, were opened on June 8 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for	$689,653,000
Total accepted	300,380,000

Range of accepted bids:

High — 99.925, equivalent rate approximately .297%.

Low — 99.906, equivalent rate approximately .372%.

Average price—99.907, equivalent rate approximately .368%.

(27% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 10 in amount of $150,194,000.

The increase in the weekly offering of bills to $300,000,000 from $250,000,000 will provide the Treasury with $150,000,000 of "new money" each week since $150,000,000 is used to meet maturities.

Secretary Morgenthau on June 4 announced his intention to raise the bill offering by $50,000,000 and said it would continue for an indefinite period. He also revealed that the next major Treasury financing would take place after June 15.

The previous increase in the bill offering was noted in our May 14 issue, page 1864.

Suspended NYSE Member Adjudicated Bankrupt

An announcement issued by the New York Stock Exchange June 6 says:

"The New York Stock Exchange has been advised that W. E. Hutton Miller, a member of the Exchange, who was suspended on Jan. 8, 1941, by the Board of Governors pursuant to Section 3 of Article XII (now Article X) of the Constitution, (for non-payment of dues) was adjudicated a bankrupt, effective June 5, 1942, in the United States District Court for the Northern District of Florida. Accordingly, the suspension of Mr. Miller is now effective under Articles X and XIII of the Constitution."

The announcement further notes that Mr. Miller has done no Stock Exchange business of any kind since his suspension on Jan. 8, 1941.

Part Time
Accountant-Bookkeeper
Advertiser former cashier for New York Stock Exchange firm would like to hear from Over-the-Counter or Member firms interested in obtaining the services of accountant and bookkeeper on part time basis. Can be helpful on tax work. Will gladly call to discuss matter. Please address Box S 26, The Financial Chronicle, 25 Spruce Street, New York, N. Y.

Final Edition
THURSDAY
In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

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Canada's Financial Measures Designed To Fit War Plans, Says G. F. Towers

In addressing the annual meeting of the Bankers Association for Foreign Trade at the Seigniory Club (Quebec) on June 4, Graham F. Towers, Governor of the Bank of Canada, said that neither domestic financial considerations or foreign exchange considerations have been allowed to obstruct the scope and character of Canada's war effort. "The war plans have come first," he said, "and financial measures have been designed to fit the pattern of those plans and to facilitate their successful execution." In speaking of the Government's policy of "pay as you go," as far as practicable in financing the war, he said he thought Canadians feel that the Government is keeping its promise to tax heavily. "Although they do not complain of that fact."

On the subject of Canada's financial relationships with the United States and the United Kingdom, Mr. Towers stated:

> We need great quantities of war materials and supplies from the United States. We must ship far greater quantities of munitions and supplies to the United Kingdom and all the fighting fronts. A person does not need to be an economist to understand that if a country pays in cash and sells on credit or gives its production away, its financial problems are liable to become acute. Facing these problems we instituted foreign exchange control on Sept. 16, 1939. The first objective was to prevent the export of capital. Such exports would have consumed United States dollars which we desperately needed for other things. I am not going to go into details but will only say that exchange control has worked. It has not been used to saddle any of our burdens on the other fellow. All our foreign commitments have been met. We are not accumulating any debts to embarrass us in the future. We are paying our way.

Explaining the Hyde Park (N. Y.) agreement, Mr. Towers had the following to say:

> The United States agreed to buy a considerable quantity of war supplies from Canada—guns, ships, chemicals, metals such as aluminum and nickel—and many other things. It was our hope—and a hope which I believe will be realized—that the value of war materials pur-

(Continued on page 2216)

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

An awful stew is brewing in Congress over Leon Henderson. Symptomatic of it have been the reports that Jim Farley was to succeed him. Unquestionably these reports will have been definitely settled before this article appears. Whether they turn out to be true or otherwise is not of so much importance, in Washington, as that such reports would be circulated.

They reflect a restlessness in Congress over Henderson's growth in power, which, knowing Congressmen as we do, reflects a concern on the part of the people out in the country. It so happens that the report has gone far and wide that Leon's OPA is very pinkish and that it is bent upon using the war to effect its pet social reforms.

Manifestly a situation such as this is bound to become unbearable. If there is one agency in the country at this time in which there must be perfect confidence, it is that of Leon's OPA. The OPA is bearing down upon the plain people, the housewives. It so happens that Donald Nelson's WPB has been bearing down upon business men for a long time but these victims can't be as articulate as the plain people and the housewives, the people who can't get their sugar, their coffee, their gas. When the plain people, the housewives—to harp upon these terms—are denied things and then hear that the administrators are pinkish, it is just too bad. It is an impossible political situation which even Mr. Roosevelt is likely to realize.

So, the point I am making, is that even if it turns out that the reports about Jim Farley succeeding him, are wholly untrue, the fact remains that the heat on Leon is to be increased from now on. And sooner or later, in this writer's opinion, he is bound to fall.

It is a long story, and an amazing one about Leon. The successful rise of an Austrian painter to

(Continued on page 2217)

One Reader Says...

"The Financial Chronicle has been so useful that we have had the copies bound and kept for reference."

Running through our correspondence, we find a subscriber whose file of bound copies dates back to 1887—another to 1906—and still another to 1880. Can there be any doubt in your mind about the value of binding your copies of the Financial Chronicle, of having at your finger tips a complete record of all important financial developments? The new Financial Chronicle was designed for binding. With the larger page size, bound volumes will be thinner, will open flat and will be easier to handle.

This is merely a suggestion—passed along to you because we want you to get full value from your subscription to the Financial Chronicle.

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THE FINANCIAL SITUATION

A high-powered campaign to sell Government obligations to individual citizens throughout the land is about to be launched. The purpose of the well-organized and well-supported effort is to obtain the funds required to finance the war from savings, so far as that is possible, and thus reduce the amounts that must be obtained from the banks in a way which must aggravate the inflationary situation already existing, and at the same time absorb funds which otherwise would tend to flow into the market for consumption goods many of which are now, or soon will be, in limited supply as a result of the concentration of our industry upon the task of war production.

A Worthy Cause

It is a worthy cause which has enlisted the aid and support of the financial community which has had long experience in the placement of securities throughout the length and breadth of the land. However much one may, nay must, regret the highly artificial character the Government for years past has insisted upon giving the market for its securities, the fact remains that in order to get along with this war and win it as decisively and as quickly as may be, funds in unparalleled amounts must be raised from this time forward until the fighting is over. It may be taken for granted that however heavy the tax burden laid upon the people, the amounts collected will fall far short of war requirements. Every dollar that is brought into being by further extension of the position of the banks and then passed on in the process of war production to the pockets of the rank and file, if permitted to remain there, will, by precisely that amount, tend to strain further markets for ordinary goods which in the nature of the case can not respond by offering more abundantly at the present time.

Must Tap New Sources

The bond sale campaign now about to begin may if well and vigorously conducted do a good deal to counterbalance for the duration at least the unwillingness of the

(Continued on page 2212)

War Economics And Peace Requirements

We have the clear duty of planning, not in the interest of any particular business group or labor organization, any special class or clique, any individual career, but in the name and interest of the whole Nation.

The National Resources Board has had the courage and the common sense to pose this question to the American people: If we can fully employ all our resources, physical and human, for war, can we not employ them in time of peace for the creation of a good life for all our people? If we can raise the national income to 120 billions, and we probably shall so raise it by the end of this year, employing more than half of it for guns and planes and for the whole apparatus of war, shall we lack wit and the courage, after victory, to put this gigantic economic machine to work for the prosperity of the whole people?

We have the resources, the machines and the men. We have the technical and scientific knowledge. We have an abundance of executive talent. It is in our power one day to transform our wartime effort into wider peacetime markets, toward full employment, toward maximum production. We have the opportunity to achieve an economic victory at home that will match the military victory that must precede it. **—President Seymour of Yale University.**

We venture to express the hope that this learned leader of thought will return to this subject at some future date and make it clear to the many whose minds he influences that, as we are sure he is well aware, the attainment of the objectives he so well sets forth requires a technique and mode of procedure vastly different from those suitable and effective in winning a war.

All too many appear not to realize this simple but vital fact.

Civilian & War Imports Under WPB Control

The War Production Board announced on June 2 that it will take control of imports of commodities for civilian use as well as strategic war materials beginning July 2, under a revision of General Imports Order M-63 issued June 2 by J. S. Knowlson, Director of Industry Operations. Under the June 2 order special permission will have to be obtained to import both commodities for civilian purposes.

The WPB already exercises control over imports of strategic war materials. The purpose of the new order, says the Board's announcement, is to take advantage of available shipping space by requiring that commodities be imported in the order of their importance. The WPB sets up three lists of commodities, with specific instructions governing their importation. Commodities on lists I and II may continue to be imported under existing contracts, but all such contracts must be reported immediately to the WPB, while existing contracts for importation of commodities on List III will not be allowed to stand.

Lists I, II and III, setting up rules for the importation of the commodities on each list, follows:

> List I—No person, except Government agencies, may import, purchase for import or contract for importation of any material on this list except by special authorization of the Director of Industry Operations. Applications for this permission must be made on Form PD-222-C. Imports may continue to be made under existing contracts, but all such contracts must be reported immediately to the War Production Board.
>
> After commodities on this list are imported the owner cannot sell, process or move them beyond the place of initial storage. He can sell them to Government agencies, or apply for authorization to process or move them on Form PD-222-A.
>
> Reports of imports must be made on Form PD-222-B by all persons, including Government agencies, to Collectors of Customs before the materials are entered for consumption, for warehouse, or withdrawn from warehouse. With the exception of this provision regarding Government agencies, this method of handling imports is substantially the same as that now in force.
>
> List II—Commodities on List II are subject to the same import regulations as those on List I. Permission to import must be sought on Form PD-222-C, existing contracts must be reported, and reports on PD-222-B must be made to the Collector of Customs.
>
> After legal importation has been made, however, commodities on List II may be sold, processed or consumed without restriction, insofar as M-63 is concerned. These commodities either are covered by other orders which provide sufficient control over their use, or no control is deemed necessary.
>
> List III—Existing contracts for importation of commodities on List III will not be allowed to stand, as are those on the other two lists. Specific authorization for import must be obtained on Form PD-222-C regardless of existing contracts.
>
> After materials on this list are imported they may be disposed of without restriction, insofar as this order is concerned, except that reports must be made to the Collector of Customs.

Editorial—

"Victory Through Air Power"

Although Major Alexander P. De Seversky's book, with the title heading this article, became available but two months ago it has already become a "best seller" in the book stores of New York City, Chicago, St. Louis, Boston, Pittsburgh, San Francisco, and, in fact, in forty of the fifty-three cities from Portland, Maine, to Portland, Oregon, and from St. Paul to New Orleans, reporting to the "Herald-Tribune's" book review section. It is an important and thought-compelling contribution to essential discussion and abundantly merits the distinction with which it has been received. Than its author, none could be better qualified by experience and enthusiasm to discuss the problems of aerial warfare; and the apparent primacy of air power in current combat should draw to it the interest of every layman who is unwilling to abdicate his privilege of independent thinking in favor of brief authority, especially as such authority is never unlikely to be, as the author suggests, prejudiced in favor of its own decisions which are now requiring reconsideration.

Born in Russia 48 years ago, Major Seversky became an American citizen in 1927; he had come to this country as a member of the Russian Aviation Mission, representing the Kerensky government, and offered his services as a Federal aeronautical engineer and test pilot in aviation when Soviet Russia accepted the Treaty of Brest-Litovsk and faded out of the first World War. Even before his citizenship, he was made a consulting engineer by our War Department, and served as a staff adviser to the late General William E. ("Billy") Mitchell, whose early and enlightened anticipations of the development of aerial combat are now recognized as wholly sound and uncommonly prophetic, although they then led to his court-martial and retirement from the Army in appeasement of enmities aroused among much smaller men holding places of higher authority. His preliminary education was gained in the Russian Naval Academy and in the Military School of Aeronautics, at Sevastopol, in the Crimea. After losing a leg in aerial fighting, he became, when 23 years old, Chief of Pursuit Aviation for the Baltic Sea.

In this country, his non-military activities have been almost all connected with aviation progress to which he has made many and very notable contributions. In his book, he is frankly an advocate of reliance mainly upon aircraft for the attainment of military aims, but, as an advocate incomparably equipped, it cannot be contended that he is not fully entitled to a complete and respectful hearing and, at the very least, to unprejudiced review of the facts and arguments which he presents. It may be that their full acceptance must be equivalent to condemnation of principles and practices upon which vast public interests seem already to have been staked, possibly in ignorance or recklessness born of prejudices long established. If, however, the principles have been wrongly weighed and erroneously determined and the practices are indefensible, reformation and reversal could not be too immediate or too complete. It is for nothing less that the author contends and, unless the facts which he alleges with full particularity can be refuted, his conclusions appear to be impregnable.

As to the broad factual basis, Major Seversky represents that, today, neither operations by armed forces upon the land nor naval operations against coastal defenses or upon the high seas can prevail over enemies making competent use of air power, unless the surface forces are protected and aided by aerial forces sufficiently superior, in the quality and extent of their equipment and in the elements of energy and direction, to "take command of the skies" overhanging and encircling the arena of conflict. Underlining and emphasizing this dependence of the land and sea forces on the sheltering might of aircraft, which can move and defend or attack in three dimensions, he asserts that, alone among the potent forces of conflict, the agencies of air power are capable, at all times and everywhere, of independent offensive and defensive action, without the support of any auxiliary forces whatsoever whether upon the ground or upon the waters. Aircraft, of modern construction, having adequate capacity in their range of operations, provided with suitable defensive and offensive armaments, with specializations of function adapting them to their respective and specific assignments of effort, competently manned and directed with proper energy and intelligence, can independently and successfully defend any area or position, or can attack without land or water support any place or stronghold and obtain the victory. In neither case can such air power fail, unless it is met and overwhelmed by a superior force operating freely within the same three-dimensional arena. That is to say, only air force can meet and overcome air force.

This certainly seems to make sense. Moreover, at this date, it must appear that the accumulation of evidence, since September, 1939, suffices, when properly analyzed, to supply an irrefutable answer to the inquiry whether that appearance is conformable with reality. Major Seversky so asserts and he insists that the response is indubitably favorable to the supremacy of the air power. He points to the failure of British defense in Norway, where the splendid English planes, the Spitfires and the Hurricanes, with their superior speed and greater armaments, could not be used, on account of their limitations of mileage in sustained flight, on the one hand, and to the striking success in the evacuation of Dunkirk, where these planes could go and did go, seize, and hold command of the air, upon the other hand, as demonstration. Dunkirk, Major Seversky soundly observes, was no miracle. It was merely that, for the job just across the English Channel, the British had built better and faster planes than the Germans, had made enough of them, and then used them with sound strategy and intelligence. Under their commanding shelter, maintained for three or four days, that is as long as it was necessary, 887 nondescript water-craft, anything that could float and was navigable upon the narrow water, including even row-boats, but with only 222 vessels belonging to the Royal Navy, rescued 335,000 men who, without this essential protection from the air, would have been irretrievably doomed to death or capture. Nor was Crete, where the limited air force held in Egypt was ineffective and the air supremacy of the Axis Powers was undeniable, a miracle; nor the inability of the British to prevent German reenforcements reaching General Rommel, in Libya. These reenforcements of men, heavy tanks, and other equipment and supplies, crossed the Mediterranean almost freely, under the protecting aegis of Axis air power, mainly effective because Britain had omitted to establish and equip African air bases (as the Germans had set them up promptly in Norway), while it had held most of the southern shore of that sea.

Major Seversky's criticisms, throughout the book, of the recent practices and organization of military aviation in the United States are severe and scathing. Nowhere does he measure his words with a caution which, under the circumstances, might be unpatriotic, and nowhere does he stint his condemnation of that which he considers reckless, prejudiced, or lacking in clear purpose or intelligence. First, and primarily, he attacks, and to the laymen it seems with irrefutable documentation and logic, the system which divides our air power, such as it is, into two usually separate and sometimes competitive contingents, thus ordinarily preventing their best utilization in furtherance of important aims, and constituting an insurmountable obstacle to the wholesome development of a unified aerial strategy. And he points to "the qualitative superiority of British aviation," the military aircraft equipment of which he declares to be, at this hour, "the best in the world," in demonstration of the superiority of the English system in which the air force constitutes an independent arm, completely equal in its freedom from exterior rivalry or control to the Army or to the Navy, but fully co-ordinated with them both whenever strategic combinations and uses are indicated and approved by the final authority. In Germany, also, as he points out, the separate Luftwaffe ranks independently and equally with the separate Army and the the separate Navy. "At present," he says, with the emphasis of italics, "we have no air power at all." That is not, of course, to say that we have no aircraft planned or intended for military operations. He distinguishes, and with reason apparently on the side of his argument:—

> "*At present we have no air power at all.* We have a miscellany of airplanes, good, bad, and indifferent, but no air power in the sense that we have defined in these pages. If the production program of 185,000 planes . . . is carried out in full, we shall be no nearer genuine air power — since these planes will not reflect a unified aerial strategy to be used by a unified air command. . . . We now possess a variety of aircraft that comprise a first-rate naval arm, and an amorphous mass of army planes with great latent possibilities. Both these accessories, no matter how large they may become, would still remain weapons of the two services, unfitted both physically and psychologically for the tasks of pure aerial warfare."

If warranted, this is mordant criticism and condemnation of a system that is confessedly and completely repugnant to the principle that our author so sturdily supports. Studious perusal of the book is recommended, for at least a prima facie case appears to have been made upon this imminent and unquestionably vital question.

Space unfortunately precludes even reference to many more detailed but seemingly well-supported criticisms of methods that may have controlling influence upon the duration and consequences of the pending conflict. If Major Seversky is not completely wrong, two-dimensional warfare is a thing of the past, made substantially obsolete by the evolution of fighting aircraft and the additional developments in that field already plainly promised and in sight. Yet the United States is engaged in building a two-ocean navy, vastly exceeding in cost and in impotent might anything that the world ever saw before, as useless as the pyramids of Egypt unless adequately defended from the air, and as superfluous and unnecessary (although involving heavy and continuing maintenance expenses and consuming a huge aggregate of much needed man-power) when thus adequately protected and supplemented by aircraft as any other inconceivably wasteful expenditure of materials and energy. It is France's illusory Maginot Line, Germany's unnecessary West Wall, Finland's wasted Mannerheim Line, repeated in effect upon the water, but without the excuse that the stern logic of facts has not demonstrated the futility of the waste. As part of that huge navy, we are including many ships to be used, if they ever are used at all, as aircraft carriers. As to such carriers, the present war has already proven that they are the most vulnerable of all water-borne craft and so limited by inescapable structural necessities that they can never afford space for aircraft of the highest efficiency, or even of tolerable efficiency, except for uses within the rapidly dwindling areas still inaccessible to land-based aerial forces and during the brief period that any such areas can continue to exist. We are still, or lately have been, producing large quantities of planes of "pet obsolete models," known to be "tactically worthless," and defending them in costly publicity paid for out of taxation or borrowing. We are producing, ostensibly for use in pursuit planes, large numbers of engines of only 1,150 horsepower and somewhat unreliable in use, although we might have substituted production of the splendid British engine, of almost twice that power-capacity and of demonstrated excellence, the NAPIER SABRE. The great output of planes now in mass-production includes types selected for standardization which "have outlived their usefulness" and we are not doing everything that is plainly within our great capacity to develop the power and range which are the obvious essentials of success in the warfare of the skies and the real and final test of the intelligence with which the war effort of any people is directed. In fact, our military aviation is "still in a primitive state," and neither official realization nor sound direction from the top yet points plainly to even tolerably mitigating improvement, let alone to satisfactory development.

These criticisms are not ours. We do not pretend to the specialized equipment necessary, as the case stands, to pass upon their finality or force. But they are serious in the extreme and they emanate from a qualified and patriotic source. They cannot properly be met by silence and the public ought not to accept irony or vituperation in lieu of specific and detailed candor and complete responsiveness. Open discussion could not possibly aid the enemy a tithe as much as secretiveness and persistence in error would injure the whole people. Such discussion is vitally needed and may be indispensable pre-requisite of improvement and, therefor, of victory not too-long delayed. Unquestionably, the long-accepted precepts of Admiral Mahan, who thought naval power to be our exclusive requisite for defense, have lost their force through the rapid progress of aviation. If not before, they sank forever to the floor of the oceans with the destruction, by aircraft, or through their operations, of the BISMARCK, the GLORIOUS, the REPULSE, the ARIZONA, the HARUNA, and the PRINCE OF WALES. Everything charged or asserted by Major Seversky seems supported by this series of catastrophes to their naval craft, distributed among the warring powers with some equality, all occurring while they were venturing to operate without protection, or with insufficient protection, "from the skies," and by the successive and terrifying devastations within the last ten days, at Cologne, Essen, and other places in Germany and within the occupied regions of Flanders and France.

"Victory Through Air Power," is the title of Major Seversky's most timely study. Had it been entitled "Defeat Through Air Weakness," the same thoughts might have been indicated, merely from the opposing angle of reflection. The cited author would be radically in error, and we doubt that he can be, unless both victory and defeat are within the potentialities of air power, to be determined in the last eventuality, by the relative competence or defectiveness of its management. The people of the United States may ponder these alternatives.

No Sales Of CCC Cotton

The U. S. Department of Agriculture announced on June 3 that no cotton would be sold by the Commodity Credit Corporation under the General Cotton Sales Program during the month of June. The Department likewise said:

> The remaining 177,636 bales of cotton that can be sold during the calendar year 1942 within the limitation of 1,500,000 bales specified in Section 381-C of the Agricultural Adjustment Act of 1938, as amended, will be held until the requirements for export sales and sales for new uses are determined. When this determination is made a further announcement will be made as to additional sales under the General Cotton Sales Program.

The State Of Trade

While some of the heavy industries show slight setbacks for the week, figures of production, generally, are substantially higher than last year. Steel production is scheduled this week at 99.3% of capacity, unchanged from last week, the American Iron & Steel Institute announced. At the current rate, output for the week is indicated at 1,686,700 net tons of ingots.

A month ago operations were on a basis of 99.6%, or 1,691,800 tons on a weekly basis, the high of the year. For the like 1941 week production was 1,591,300 tons.

Electric power production for the week ended Saturday, May 30, amounted to 3,322,651,000 kilowatt hours, an increase of 12.5% over the corresponding week in 1941, according to the Edison Electric Institute.

During the week ended May 23, the amount of electrical energy distributed by the industry was 3,379,985,000 kilowatt hours, pointing to a decrease of 1.4% in output, compared with the current week.

Carloadings showed a drop of 5% for the week. The Association of American Railroads reported that 795,756 cars of revenue freight were loaded during the week ending May 30.

This was a decrease of 41,992 cars, or 5% compared with the preceding week, a decrease of 6,027 cars, or 0.8%, compared with a year ago, and an increase of 156,636 cars, or 24.5% compared with 1940.

The past week's engineering construction volume totaled $274,971,000, compared with $163,227,000 in the previous week and $123,570,000 in the corresponding period a year ago, the "Engineering News-Record" reported.

Federal construction accounted for $248,611,000 of the work for the latest period.

For May the heavy engineering construction total eclipsed all previous records at $1,044,572,000, the publication reported. Federal activities for the month involved $949,400,000.

Department store sales on a country-wide basis were off 11% for the week ended May 30, compared with the same week a year ago, according to the weekly figures made public by the Federal Reserve Board.

Business in civilian goods industries, which reached new peaks in 1941 and continued at high levels in the early months of 1942, not only has fallen off sharply in recent weeks, but has developed into a highly confused state in many trades, observers state. Uncertainties over recent Washington rulings, deep concern over rumors of some things to come and a substantial decline in consumer buying account largely for the disorganized conditions and for the drop in retail sales.

Fortunately, the unsettled state of business in the civilian goods trades has not spread to the war industries. There things are booming; armaments of all kinds are being produced at an amazing rate. This was borne out the other day when Robert P. Patterson, Under-Secretary of War, declared that the Army now has all the weapons it can send abroad under present shipping conditions and also enough to arm every soldier in the United States.

So large are the supplies on hand and in work that the Army is planning to build a network of storage depots to house reserves of food, munitions and other equipment.

In many civilian goods industries and in retail trade the picture is not a happy one. Business in some producing industries is virtually at a standstill. Lack of clarification of the Office of Price Administration's price-ceiling regulations and concern over what action the War Production Board is planning in limitation of retail and wholesale inventories are the twin troubles bothering most business men.

All of the this comes at a time when retail business itself is on the down grade. It is pointed out that the rate of consumer buying has dropped sharply from its high levels of the first quarter of 1942. Business today is off from 25 to 30%, compared with the activity prevailing earlier in the year. As against the corresponding 1941 period, sales are down about 5%.

While department store sales are running 10 to 15% under last year's level now, comparisons are likely to become more favorable again soon, there is reason to believe.

Consumer purchasing power is far higher than a year ago. Store stocks are considerably larger also, and so long as this condition persists sales could easily rise above the 1941 level again, observers state.

Since the general price ceiling went into effect, many consumers feel there is little incentive now to purchase for future needs. This view could easily change, however, should the belief develop that many products will become difficult to purchase at a later date. The considerable volume of advance buying accomplished since last August enables consumers to postpone many types of purchases now, but the fact that consumers are stocked up will not curtail sales so long as the buying power is present and future shortages are feared.

Morgenthau Urges Cut In Personal Spending

Secretary of the Treasury Morgenthau declared in a radio address on June 3 that any person "who chooses this time to go on a buying spree is committing an act of sabotage against our war effort" and that those who spend money extravagantly and carelessly "handicap our war production program."

Inaugurating a series of weekly radio addresses, sponsored by the Office of Facts and Figures and designed to explain President Roosevelt's anti-inflation program, Secretary Morgenthau said that the "patriotic thing" to do "is to make old clothes last longer, to eat simpler meals," and "to do everything else possible to cut down on personal spending."

The Secretary, pointing out that the war is now costing $130,000,000 every day, said that the $8,700,000,000 in new taxes which the Administration has recommended "is the very least that we can afford to ask of the American people at this critical time." He added that the tax program proposed is in line with the "basic principle of the ability to pay" and gives effect to the people's determination that "no one shall be allowed to amass riches out of this war."

Saying he was "shocked" at the extravagant salaries, bonuses and corporate expenses being distributed by companies with war contracts in order to avoid "paying full and fair taxes on their profits." Mr. Morgenthau added that the Treasury is determined "to make the offending companies pay."

With respect to the new tax bill now being written by the House Ways and Means Committee, the Secretary expressed the hope that it cannot be said that it was "too little and too late." He added:

> The people of this country have shown in a thousand ways that they are not in a mood for half measures, either financial or military. They will be critical only if the burdens are unfairly distributed. They will be disappointed in their leaders only if those leaders fail to ask them for all-out effort.

Concerning the buying of War Bonds and Stamps, Mr. Morgenthau said:

> I am very happy that we went over our national quota for the month of May and that our total sales for that month reached $634,000,000. But we shall have to do much better in June and in the following months. The quota for June has been fixed at $800,000,000, and in July and every month thereafter we expect a billion dollars. If we are to reach those quotas and carry out a vital part of the President's program, all who get a regular income will have to cut down on personal spending and put an average of at least 10% of current earnings into War Bonds.
>
> The steady fulfillment of War Bond quotas, month after month, is an indispensable part of the financing of the war. But it means even more than that. It means that we are building the kind of future we want for ourselves and our children.
>
> We can do a great deal to shape our future—now. Our actions—now—will determine the kind of world we shall have after the war. Whatever success we achieve by voluntary cooperation will help to set the pattern of the post-war world.

The comments above by Secretary Morgenthau regarding the pending tax bill, and his expression of hope that it cannot be said that it was "too little and too late," resulted in a conference on June 4 between Mr. Morgenthau and members of the House Ways and Means Committee drafting the bill. Following the conference, Chairman Doughton of the Committee issued a statement saying, in part, that it was "agreed that the remarks made by Secretary Morgenthau in a recent radio address did not reflect and were not intended to reflect upon the Committee or its procedure in writing the pending tax bill."

Diplomat Exchange Ship Arrives In New York

The Swedish-American liner Drottningholm, chartered to exchange diplomatic representatives, arrived at New York on June 1 with 908 passengers, most of them nationals of the United States and Latin American countries who had been interned by Germany and Italy. The most prominent of the returning diplomats was Admiral William D. Leahy, Ambassador to the Vichy Government, who had been recalled by President Roosevelt for consultation. Other ranking diplomats included Herbert C. Pell, former Minister to Hungary; George Wadsworth, former Charge d'Affaires in Rome, and Leland B. Morris, former Charge d'Affaires in Berlin.

NYSE Borrowings

The New York Stock Exchange announced on June 3 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business May 29 aggregated $324,410,876, a decrease of $10,736,944 from the April 30 total of $335,147,820.

The following is the Stock Exchange's announcement:

> The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business May 29, 1942, aggregated $324,410,876.
>
> The total of money borrowed, compiled on the same basis, as of the close of business April 30, 1942, was $335,147,820.

THE FINANCIAL SITUATION

(Continued From First Page)

politicians to lay taxes proportionately upon those elements in the population whose income will be most largely increased by reason of the war production program. To do so, however, it must be directed not merely at the usual list of the security salesman's prospects, but also persistently and effectively at many thousands, yes millions, who have not in the past been habitual purchasers of securities. Many of these latter would normally be regular purchasers of stamps rather than bonds, but they must not be regarded either in Washington or elsewhere as too "unproductive" to be worth while. The success of this campaign can not be measured solely by the number of dollars raised. It is important to tap the idle funds of investors, large and middle class, of whom there are many, but it is vital that these war obligations absorb directly or indirectly a very substantial proportion of the current earnings of the vast rank and file—and the aggregate number of dollars from this source need by no means be negligible even though the purchases of each investor be small.

The campaign to be really succesful in the larger and deeper sense must, moreover, be conducted on a rational and forward-looking basis. Necessity has already obliged those who used to preach improvidence as an economic virtue and condemn thrift as of doubtful wisdom, to shift their ground considerably. Many of them are now among the most emphatic exponents of "sacrifice" and of "doing without" not only to relieve pressure upon markets but to make possible systematic and in the aggregate large contributions to the Treasury. To them thrift is, for the moment at least, one of the cardinal virtues. With this position few thoughtful men with the good of their country at heart will be disposed to quarrel. Upon such doctrines as these the campaign now under discussion must be built.

Post-War Thrift Needed, Too

Let us not fall into the error, however, of supposing, or of leading others to suppose, that thrift will cease to be a virtue once the roar of the guns has died away. It would be a costly blunder, and there appears to be some danger of such a mistake. In the first place, most of those who manage the propaganda supporting the sale of war bonds are much inclined to decry frugality save in this particular emergency. One is often led to suspect that they view the need for thrift much as most of us regard the numerous restrictions in war time—often a necessity at present but not to be suffered after peace returns. Some such idea appears to underlie the so-called forced savings proposals. The same trend of thought comes to the surface repeatedly in the form of a suggestion that funds be set aside in war bonds now so that they may be available when the war is over to buy the automobile which can not be had now, or the washing machine, the radio or the house. The thoughtful observer will not fail to inquire what would happen if the larger number of holders of war bonds called upon the Treasury at the conclusion of hostilities for their cash. It requires but little consideration to come to the conclusion that the Treasury might be very seriously embarrassed in such circumstances.

Without much question there will be a good many who will need funds to carry them over the lull (at the very least) which must almost inevitably follow feverish war production activity—not for automobiles or other nonessentials but for their bread and butter—but it would be a blunder of the first order of magnitude to "sell" the public the idea of buying war bonds, or of saving and investing in any form for that matter, during the war in the spirit of "Xmas savings" or for purposes of a similar sort. The savings of the people, and a great deal more, are today being "sunk" in the manufacture of guns, tanks, ammunition, war planes and other articles which have little peace time value, or in plant and facilities for the manufacture of such articles. In the larger and truer sense we as a people are not saving and cannot save anything at all during a "total" war. Quite the contrary. When the war is over we shall be faced by a problem of "converting" for peace time production and of making good arrears in peace time plant and facilities. Failure to take such facts carefully into account, or a refusal to continue our frugality at least in reasonable measure after the war, can scarcely fail to bring financial and economic chaos.

It, moreover, seems to us that we should be able to do as well with this bond selling campaign—and, incidentally, with the current propagandistic campaign to stimulate war production—with less deliberate, not to say studious, effort to induce hate, crude, soul-searing hate, which promises to be a serious handicap in any post-war reconstruction and rehabilitation effort. If this war were to come to an end tomorrow, or whenever it comes to an end and upon whatever terms, how would or how will this world get along, prosper and progress inhabited by a multitude of peoples criss-crossed with blinding hate, with many individual peoples indeed divided among themselves into cliques hating one another as the devil hates the righteous? Can any thoughtful man well doubt that this state of affairs will present problems fully as difficult as, perhaps much more difficult than, the more material aspects of world affairs which in any event must be trying enough? To be sure, the American people will stick to their lathes and will buy bonds without this horrible campaign of hate.

By all means let us get ahead with the campaign to collect the savings of the people for use in winning the war. It is a task which must be done. But in doing so, let us avoid the pitfalls which await the unwary.

Survey Shows Little Scrap Rubber Available

Contradicting claims that there are "many millions of tons" of scrap rubber available, the United States Rubber Co., in a special study released on June 7, estimates that approximately 500,000 long tons of scrap might be recovered by intensive collection methods. The United States Rubber Co. is one of the largest processors of used rubber, and the head of its chemical division, J. P. Coe, is President of the Rubber Reclaimers Association, national trade organization of the industry.

The survey, conducted by the business research department of the company, covers the last five years' supply. Normally, it points out, scrap not collected and reclaimed in the year is discarded and considered lost beyond recovery. Now, however, the situation is entirely different and extreme methods are under consideration to bring to light rubber scrapped in previous years. The statement issued by the company also says:

> A shortage in the 1941 surplus of tires is foreseen due to the fact that old tires have found their way back into use via the used tire market, which sprang up with the restriction of new tire sales.
>
> With 1,600,000,000 pounds of tires available, 714,000,000 pounds were consumed by reclaimers last year, leaving a surplus of 890,000,000 pounds. The study estimates that about 50% of this is recoverable.
>
> A good harvest of the 1940 surplus should be gathered, the company feels, since this should be too far gone for re-use and yet not out of sight too long to preclude its reappearance. This figure is also fixed at 50% of the surplus, or 330,000,000 pounds.
>
> Beyond these years the estimate is frankly speculative, but the recoverable invisible supply is believed to be about 25% for 1939, or 220,000,000 pounds, and 10% each for 1938 and 1937, totaling 78,000,000 and 66,000,000 pounds, respectively. This reaches a total of 500,000 long tons.
>
> The company believes that the areas most likely to be productive will be those in which organized collection facilities have in the past been the least active.

Plant Efficiency

A booklet on plant efficiency has been published by the Division of Information of the War Production Board, and is now available for distribution on request. The booklet is called "Plant Efficiency—Ideas and Suggestions on Increasing Efficiency in Smaller Plants." It is in simple terms and is designed primarily for smaller war plants or for plants which are just getting into war production and which might be able to increase production by a study of efficiency procedures.

Copies may be obtained from regional and local offices of the War Production Board, located in 120 cities; from local offices of the Division of Information, Office for Emergency Management; or by writing to the Division of Information, Office for Emergency Management, in Washington.

Argentine President Deplores Aggression

In acknowledging President Roosevelt's Argentine Independence Day greeting, President Roberto M. Ortiz on May 28 said that Argentina's "reaction to any unjust aggression must be and always will be that of the most forthright repudiation and of complete solidarity."

Mr. Roosevelt's message was given in these columns June 4, page 2134.

The text of President Ortiz's message follows:

> I sincerely appreciate the kind and friendly greeting which Your Excellency forwarded to me on the anniversary which we Argentinians celebrated with feeling and fervor. The spiritual satisfaction produced in us by the remembrance of the events which led to our freedom cannot lessen the distress with which we learn of the grief of the citizens of nations which yesterday were free and today are deprived of that highest dignity. The attitude of the people of my country, in the face of the suffering of those who have been subjugated or attacked, cannot be other than that marked out by the country's historic guiding rules and by the democratic feeling which, since the emancipation of the republic, has ever molded its institutions and directed its ways of life.
>
> Argenina being identified with the fate of the sister nations of America, whose civilizations, culture and ideals are common to us, her reaction to any unjust aggression must be and always will be that of the most forthright repudiation and of complete solidarity. In transmitting to you these sentiments and returning your greetings, I renew to you the assurance of my friendly consideration.

FDR Asks $137 Millions For War Agencies In 1943

President Roosevelt asked Congress on June 8 to appropriate $137,000,000 for the War Production Board and other war agencies for the 1943 fiscal year.

The President requested $73,467,300 for the WPB; $28,638,000 for the Office of the Coordinator of Inter-American Affairs; $7,447,075 for the Office of Civilian Defense; $7,216,515 for the Office of Defense Transportation; $15,000,000 as a supplemental appropriation for the Department of Agriculture program of emergency supplies for United States territories and possessions, and $5,000,000 for the Public Roads Administration.

Ratify U. S.-Canadian Income Tax Convention

The Senate on May 28 ratified the convention between the United States and Canada providing for avoidance of double income taxation, modification of certain conflicting principles of taxation, reductions of certain rates of taxation, and establishment of exchange of information between the two countries in the field of income taxation.

The convention was signed in Washington on March 4 by Sumner Welles, Acting Secretary of State, and Leighton McCarthy, Canadian Minister to the United States; referred to in our issue of March 19, page 1168.

The treaty goes into effect as of Jan. 1, 1941, and continues effective for a period of three years, unless terminated upon six months prior notice.

Congress Declares War On Three Balkan Nations

President Roosevelt signed on June 5 the resolutions declaring war against Bulgaria, Hungary and Rumania. The formal declarations had been voted unanimously by Congress. Without debate, the House on June 3 voted 357 to 0 on the Bulgarian resolution, 360 to 0 on the Hungarian and 361 to 0 on the Rumanian. On June 4 the Senate cast 73 votes in favor of declaring war on the three governments.

These actions were taken in response to a special message from President Roosevelt on June 2, asking that Congress recognize a state of war between the United States and these "instruments of Hitler." The President, noting that the three governments had declared war against the United States, said they "are now engaged in military activities directed against the United Nations and are planning an extension of these activities."

Rumania declared war against the United States on Dec. 12 and Bulgaria and Hungary on Dec. 13.

Approval of the declarations puts the United States formally at war with six nations, since war with Japan was declared on Dec. 8 and with Germany and Italy on Dec. 11.

The Congressional resolutions, differing only with respect to naming the countries separately, read as follows:

> Declaring that a state of war exists between the Government of Bulgaria and the Government and the people of the United States and making provisions to prosecute the same.
>
> Whereas the Government of Bulgaria has formally declared war against the Government and the people of the United States of America; therefore be it
>
> Resolved, By the Senate and House of Representatives of the United States of America in Congress assembled: That the state of war between the United States and the Government of Bulgaria which has thus been thrust upon the United States is hereby formally declared; and the President is hereby authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Government of Bulgaria; and, to bring the conflict to a successful termination, all of the resources of the country are hereby pledged by the Congress of the United States.

The text of the President's message asking for the war declarations follows:

> To the Congress of the United States of America:
>
> The governments of Bulgaria, Hungary and Rumania have declared war against the United States. I realize that the three governments took this action not upon their own initiative or in response to the wishes of their own peoples but as the instruments of Hitler. These three governments are now engaged in military activities directed against the United Nations and are planning an extension of these activities.
>
> Therefore, I recommend that the Congress recognize a state of war between the United States and Bulgaria, between the United States and Hungary, and between the United States and Rumania.

Illinois Bankers Call For Ceilings On Pay, Farm Prices; Ask Equitable Tax System

Asserting that "critical times such as these call for drastic curtailment of non-defense expenditures in governmental and civilian affairs," the Illinois Bankers' Association in its Declaration of Policy adopted on May 22 at its annual convention in St. Louis, Mo., urged "our public officials to exert their influence to reduce unnecessary governmental operating budgets and to drastically curtail grants of State and Federal funds to projects that do not facilitate war effort or production, to the end that the pressure on the Government for non-essential grants of aid may give way to patriotic insistence that all revenue available be employed in legitimate war activities." The Declaration also stated that "as bankers we share the natural concern of all thoughtful American citizens who sense the vital need for regulation to curb inflationary trends in our economic structure," adding "we approve the measures that have been taken as wisely precautionary, but affirm it to be our solemn conviction that there must be a definite ceiling placed on every element of cost, wages and agricultural products included, that goes into the manufacture of war and consumer goods if these measures are to achieve the results they seek to accomplish." While recognizing the obligation of citizens and institutions "to finance a substantial part of the war effort through taxation," the bankers urged upon Congress "the importance of a fair and equitable system of taxation that will preserve rather than destroy the individual enterprise that has made America the greatest democracy on earth and that will be necessary if we are to maintain the strength and character of our democratic system." They further commended "to the serious consideration of the Congress the relation of the taxing system to the future of American industry, to the end that industry may be permitted to set up sufficient financial reserves to enable it to reconvert its resources to peacetime production on the successful conclusion of the current war effort."

Wholehearted cooperation was pledged by the bankers "in making loans to war production industries, in restricting loans that might conflict with the war effort, and in assisting the various supervisory authorities, both State and national, to keep the banking system of Illinois and the Nation in the soundest possible condition during the war and thereafter," and "the efforts of the United States Treasury to spread the base of Government borrowing through sale of U. S. War Bonds" were endorsed by the bankers. The bankers put themselves on record as planning to "continue our opposition to branch banking and to any legislation that might provide an opening wedge to branch banking."

Henry C. Bengel, Vice-President of the Illinois National Bank of Springfield, was elected President of the Association. He succeeds Earl C. Adams, President of the Jersey State Bank at Jerseyville, Ill. George R. Boyles, President of the Merchants National Bank, Chicago, was elected Vice-President and Harold J. Bacon, Cashier of the Home State Bank of Crystal Lake, was named Treasurer for the coming year.

In his Presidential address, Mr. Adams called for the establishment of a 48-hour work week in war industries, compulsory arbitration and rigid governmental economy. He also urged that the government enforce a no-strike law for the duration of the war and that the status quo in labor relations be maintained.

Chester Davis, President of the Federal Reserve Bank of St. Louis, told the convention, according to the St. Louis "Globe Democrat," that there is no reason to fear the rising public debt, since "the United States and its Allies can put into the present war what it takes to win with less concern over the financing than can any opposing nation." He added:

> "On the day the guns fall silent and we stand victorious," he declared, "we will emerge, despite what we have put into the war, with our soil and our war materials unimpaired, and with the greatest producing plant and with the greatest army of trained and skilled workers in the world's history. Those are the elements of real wealth and we shall not have expended them."

Philosophies and facts involved in the current national labor situation were explained to the bankers by Clarence B. Randall of Chicago, Vice-President of Inland Steel Co. After describing the steel industry's conversion to war in 1939 and of its present all-out war efforts, Mr Randall reviewed the issues which are involved in current cases before the War Labor Board, such as highly paid workers' right to wage increases, the factors which should govern such increases in war and in peace, the closed shop, union security, and the new WLB formula of "maintenance of membership."

Named To Cleveland Victory Fund Group

M. J. Fleming, President of the Federal Reserve Bank of Cleveland and Chairman of the Victory Fund Committee for the Fourth Federal Reserve District, announces the addition of the following to the Victory Fund group:

> W. H. Courtney, President, First National Bank & Trust Co., Lexington, Ky.; J. C. McConnell, President, the National Bank of West Virginia at Wheeling; F. P. Mullins, of A. E. Masten & Co., Pittsburgh.

Appointment of the other 22 members of the committee was referred to in these columns of May 28, page 2032. Hugh D. MacBain, of Mellon Securities Corp. of Pittsburgh, has been made Executive Manager of the group, whose function it is to aid the Treasury's war financing program. A. C. Coney, Vice-President of the National City Bank of Cleveland, will be Secretary of the committee.

Expands War Imp. Buying

President Roosevelt, in an executive order issued on May 30, authorized the Secretaries of War, Navy, Treasury and Agriculture and the Reconstruction Finance Corporation to make emergency purchases of war materials abroad, such material to be admitted free of duty.

Prior to the issuance of this order only the Secretary of the Navy had authority to make such purchases. The extension of the power was in accordance with Title I of the First War Powers Act, approved Dec. 18, 1941.

FDR Reviews Parade

President Roosevelt on May 30 reviewed the Memorial Day parade in Washington, participated in by the various branches of the service. The President was accompanied by Gen. George C. Marshall, Chief of Staff of the Army, and Admiral Ernest J. King, Commander in Chief of the United States Fleet. Also viewing the parade were military, naval and air attaches of the 26 United Nations and members of the diplomatic corps.

Officers Named For War Damage Corp.

Secretary of Commerce Jesse Jones announced on June 5 that he would be Chairman of the $1,000,000,000 War Damage Corporation, a subsidiary of the Reconstruction Finance Corporation, which, beginning July 1, will provide, through insurance, reinsurance or otherwise, reasonable protection against loss of or damage to property, real and personal, which may result from enemy attack (including any action taken by the military, naval, or air forces of the United States in resisting enemy attack). Mr. Jones also announced that W. L. Clayton will be President of the WDC, and that Frank T. Christiansen will be Executive Vice-President; A. T. Hobson, Secretary; H. A. Mulligan, Treasurer, and Claude E. Hamilton, Jr., General Counsel.

Directors will be Messrs. Jones, Clayton, Mulligan, and C. B. Henderson, Sam Husbands, Charles T. Fisher, Jr., Howard J. Klossner, Frederic A. Delano and George E. Allen.

Most of those appointed are officers of the RFC or the Commerce Department. Mr. Delano is Chairman of the National Resources Planning Board. Mr. Allen is on temporary leave as Vice-President and Secretary of the Home Insurance Co. of New York and is now on an official mission to Dublin in behalf of the American Red Cross. Virtually all agents of private fire insurance companies have been designated as official representatives of the WDC and are expected to have application blanks around June 20.

The text of the act creating the War Damage Corporation was given in these columns April 16, page 1546.

Alcohol Mfr. To Be For Synthetic Rubber

Plans for a 90% cut in hard liquor production by the end of the current year, to permit the Nation's stills to be availed of to turn out alcohol for use in the manufacture of synthetic rubber and other war products, were indicated by a WPB spokesman, on May 27, according to Associated Press accounts from Washington on that day, which added:

> There is expected to be no shortage of whiskey and other liquors, however, because ample stocks are on hand.
>
> A goal of 540,000,000 gallons of alcohol has been set for 1943, with 240,000,000 gallons to come from distilleries now producing beverages. Of the total, 200,000,000 gallons derived from grain is to be allocated to the production of butadiene for synthetic rubber. The whole program is expected to consume 136,000,000 bushels of grain, with the emphasis on corn, but with an increased use of wheat as well.

To the production capacity estimate of 540,000,000 gallons will be added a stockpile surplus of 50,000,000 gallons from 1942.

According to a statement issued by A. I. Henderson, WPB Director of Materials, the total is expected to be reached as follows: 65,000,000 gallons synthetically; 120,000,000 gallons by whiskey plants capable of producing 190 proof alcohol; 120,000,000 gallons by whiskey plants being converted to produce 190 proof; 65,000,000 gallons by commercial alcohol plants in New Orleans; 100,000,000 gallons by seaboard alcohol plants, and 10,000,000 gallons from Cuba and Mexico.

It is stated that there is not expected to be any shortage of whiskey and other liquors, even if total conversion of the industry is effected, since it is stated that sufficient stocks are at present on hand.

Department Store Sales At Record In 1941 Although Taxes Cut Earnings, Board Finds

The unusually heavy consumer buying movement during the latter half of 1941 resulted in new records for both sales and net taxable income of department stores, according to the Conference Board, New York City. A Conference Board analysis of the corporate income statements of 25 leading department stores shows net sales at $1,147,000,000 for the fiscal year, 1941, an increase of 17% over the preceding year and 5% above the previous peak established in 1929. The 17% increase in sales resulted in a 47% gain in net taxable income. Profits before allowance for Federal income and excess-profits taxes and contingency reserves for inventory depreciation were 23% higher than the 1928 high.

The Board's announcement, issued June 5, further said:

> Federal income tax levies, which were about three times those for 1940, reduced net after taxes to a point where it was only 5% higher than in 1940 and 25% below the 1928 high. Net after taxes exceeded the 1936 figure by only 2%, although sales were 24% higher than in 1936. Per $100 in sales, profits before Federal income taxes averaged $5.93 in 1941, as compared with $4.74 in 1940. After taxes, however the rate declined from $3.54 to $3.16 which almost equaled that reported for 1939. In other words, the 24% increase in net sales since 1939 has resulted in no improvement in the ratio. Following the rapid decline from 1929 to 1932, net income as a percentage of sales moved sharply upward, reaching $3.85 in 1936. Rising costs adversely affected net income in 1937, however, and profits declined in spite of the higher sales level.
>
> Federal income and excess-profits taxes for the 25 companies amounted to $30,400,000 in 1941, almost three times the 1940 aggregate and more than four and a half times that reported in 1936 and 1928. The amount set aside for Federal income tax reserves was 44.7% of taxable income in 1941; 25.2% in 1940; 15.8% in 1936, and 12.0% in 1928.
>
> Dividends paid by the 25 companies to their stockholders increased 7% during 1941 and almost equaled those for 1937, although they were 17% below the 1936 record year. Dividends represented 58% of available income in 1941, against 57% in 1940; 86% in 1937; 72% in 1936, and only 46% in 1928. The companies added $15,000,000 to surplus in 1941 and they closed the fiscal year with an earned surplus of $143,000,000, an increase of almost 50% over that for the close of the 1937 fiscal year.
>
> Current assets at the close of 1941 were 2.98 times current liabilities, the lowest rate since 1928. High inventories and receivables have been the principal factor in the upward trend of current assets, which, however, have risen at a slower rate than current liabilities. The value of inventories was 30% greater than at the close of the preceding fiscal year and practically equaled the record for the year 1929. Receivables increased 14% and were 10% above the 1929 peak.
>
> The "lifo" method of inventory valuation was used by 14 of the companies last year. Net income after taxes for these companies would have increased 26% instead of the reported 8% if the lower-of-cost-or-market method had been used in both years.

Coffee Surplus In Haiti

The problem arising from the coffee surplus in Haiti which has been causing considerable concern in the Republic has been eased somewhat but a complete solution has not been found, according to the Department of Commerce at Washington, which in a release made available June 2, added:

> Downward revision of crop estimates and an increase in the Haitian quota on the American market have reduced the estimates of expected surplus to between 133,000 and 183,000 bags of 132 pounds each.
>
> The excellent prevailing price for coffee, combined with the possibility of Government aid, may enable exporters to carry a surplus of this size.

Pipeline, Barge Canal For Florida Defeated

The House on June 1 refused to pass a bill authorizing construction and operation of a barge canal and petroleum pipeline across Florida at an estimated cost of $144,000,000. By a vote of 121 noes to 85 in favor of the bill's passage the House rejected an attempt to pass the measure under suspension of the rules, a procedure requiring a two-thirds vote. The proposed legislation had been approved by the House Rivers and Harbors Committee on May 22, but the committee vote, it is reported, was not approved.

Designed to relieve the gasoline shortages in the East, the bill would have provided for the construction of a barge canal across the northern part of Florida to connect the Atlantic and Gulf intercoastal waterways and for a pipeline from the vicinity of Port St. Joe, Fla., to Jacksonville, Fla.

In Associated Press accounts from Washington June 1 it was stated that while the way was left open for later consideration, Chairman Joseph J. Mansfield (Democrat of Texas) of the Rivers and Harbors Committee who had urged the measure's passage said he did not intend to press it further. "As far as I am concerned, the bill is dead." Mansfield told reporters after the House had refused to pass the measure. The press accounts added:

> Speaker Rayburn, who had taken the floor to speak for the bill, said he did not know when, if ever, the measure would be brought up again under procedure allowing longer debate and amendments.
>
> Today's procedure permitted no amendments, and it was because of this that most of the expressed opposition developed. Many of the opponents said they desired to knock out the canal provision as unnecessary, but approved of a pipeline. Some of them called the bill a camouflaged Florida ship canal project.
>
> "There is no reason for either one alone," Representative Mansfield contended. "The pipeline alone cannot furnish all the oil the East needs. To do that we must have the canal, and the bill without the canal is impractical."

It was claimed by some Representatives that the Administration now had sufficient authority to build pipelines and that there was no need for further legislation, except with respect to the barge canal.

US Mission To Colombia

Under the terms of an agreement signed in Washington on May 29, by Secretary of State Hull and Dr. Gabriel Turbay, Colombian Ambassador, a United States military mission, similar to those sent to other Latin-American governments, will go to Colombia to advise on the development of their armed forces. The agreement will run for four years.

First Quarter Corporate Earnings Down Despite Gains Before Federal Taxes

A substantial year-to-year gain in the income of American industrial corporations before Federal income taxes and contingency reserves during the first quarter was converted by greatly increased Federal income taxes into an almost equally large decline in net after taxes, according to regular quarterly computations of the Conference Board.

Analysis by the Board of income statements of 270 industrial corporations reveals that net income after taxes in the first three months of this year was 25% below the corresponding 1941 quarter, while earnings before taxes showed an increase of 29%. The comparison with figures for 1940 is even more striking in some respects. Earnings before Federal income taxes and contingency reserves rose 114% during the two-year period, while net after taxes declined 14%.

The Board further says:

Out of each dollar earned before Federal income taxes and contingency reserves, these corporations on the average reserved 63.2 cents for Federal income taxes, the range being from 38.1 cents for 12 petroleum companies to 79.6 cents for a group of 3 aircraft and parts manufacturers. The corresponding figure for the 270 companies in 1941 was 42.4 cents, while that for 1940 was 21.7 cents. Total Federal income tax reserves amounted to $546,580,000 as compared with $283,419,000 in 1941 and $87,653,000 in 1940.

Automobile manufacturers were the only industrial group which failed to show a gain in income before Federal income taxes and continegncy reserves; only six of the 19 groups failed to show a decline in net after taxes. Aircraft and parts, office equipment, railroad equipment, petroleum products, textiles and miscellaneous non-durable goods manufacturers showed gains, while the automobile, automobile parts, building materials, electrical products, machinery, metal products, steel and miscellaneous durable goods manufacturers, as well as chemicals, drugs, food products, paper products, and a miscellaneous group of companies reported declines, most of them substantial, as compared with last year.

A larger tabulation embracing 415 industrial, 31 electricity and gas, 10 telephone and telegraph, and 59 railroad companies showed a 13% decline in net income after taxes from $627,798,000 in the first quarter of 1941 to $546,786,000 this year. The figure for the first quarter of 1940 was $507,012,000. The only groups to show increases over the 1941 quarter were retail trade with an advance of 32% and railroads with a rise of 52%.

Net sales of a smaller group of 101 companies, for which data are available, showed an increase in net sales, as compared with both 1941 and 1940. Five automobile manufacturers included in this group showed a loss in net sales from $969,816,000 in the first quarter of last year to $708,746,000 this year. The other groups, embracing 96 companies in eight groups, showed a substantial gain in net sales, the figures being $1,585,999,000 this year, against $1,175,960,000 last year and $906,294,000 in 1940.

The following table supplied by the Conference Board shows the net income after taxes of the 515 companies, by groups, together with percentage changes from 1940 and 1941:

CORPORATE EARNINGS, FIRST QUARTERS 1940-1942
Thousands of Dollars

	Number of companies	Net Income After Taxes 1942	1941	1940	Percentage Change 1941 to 1942	1940 to 1942
Industrials	415	346.262	443,849	387.470	—22	—11
Manufacturing	337	309.627	404.075	353.550	—23	—12
Durable goods	202	180.771	264.517	208.275	—32	—13
Nondurable goods	135	128.856	139,558	145.275	— 8	—11
Mining	35	25.297	28,797	23.330	—12	+ 8
Coal	10	2.822	2.938	1,609	— 4	+75
Metal	25	22.475	25.859	21.721	—13	+ 3
Retail trade	17	6.727	5.078	5.919	+32	+14
Miscellaneous	26	4.611	5.899	4.671	—22	— 1
Public Utilities	41	112.908	126.318	130.538	—11	—14
Electricity and gas	31	49.138	60.519	66.376	—19	—26
Telephone and telegraph	10	63.770	65.799	64,162	— 3	— 1
Railroads	59	87,616	57,631	d10.996	+52	--
Grand total	515	546,786	627,798	507,012	—13	+ 8

d Deficit.

Quezon In Washington Voices Faith In Future

Manuel Quezon, President of the Commonwealth of the Philippine Islands, visiting the House of Representatives at Washington on June 2, expressed confidence that the American people and Congress will wholeheartedly back up President Roosevelt's pledge that the freedom of the Philippines will be redeemed and its independence established and protected. President Quezon also declared that "death, ruin and destruction have never daunted our spirit or lessened our faith in the United States." He told the House that it was only upon the "insistent demand" of General MacArthur that he left Manila for Corregidor, acting upon the theory that, under international law, a country has not been conquered until its Government is overtaken.

After his address before the House, President Quezon was presented to the members individually by Representative Bloom, Chairman of the House Foreign Affairs Committee.

President Quezon later in the week (June 4) addressed the United States Senate, at which time he expressed the hope that the American people would adopt another slogan of war, viz: "Remember the Philippines." In his remarks to the Senate, he said:

> I am not in this country to persuade you to send forces at once to the Philippines to drive the invader out of my beloved fatherland. Nor will I try to convince you that the Pacific is more important than the European or the Atlantic theaters of war. Those decisions are to be made by you.

The Associated Press further quoted him as follows:

> But he added: "You will always have in mind, I am sure, that only in the Philippines has your flag been hauled down and replaced by the flag of the Rising Sun."
>
> Mr. Quezon declared that in view of this tragic event he hoped the "American people in this hour of their great responsibility to the world would always keep before them the memory of the devotion and sacrifices of the people of the Philippines."

Before the surrender of Corregidor, the Philippine President journeyed to Australia. His arrival in the United States to set up headquarters in Washington was noted in our May 14 issue, page 1861.

Non-Agricultural Employment Up Sharply In Mid-April, Labor Dept. Reports

The gain of 381,000 in total civil non-agricultural employment from mid-March to mid-April raised the April aggregate to 40,773,000, Secretary of Labor Frances Perkins reported on May 29. "This total exceeded all previous April levels and was 2,545,000 greater than in April of last year," she said.

"Increased employment on contract construction, largely on Federal projects, accounted for 137,000 of the increase over the month interval, according to Secretary Perkins, who also said:

"Other major groups reporting gains were manufacturing, transportation and public utilities, finance service, and miscellaneous, and Federal, State, and local government services. Employment in the mining group showed no change from the March level, gains in quarrying and metal mining offsetting the decreases reported in coal mining and crude petroleum production. The combined reports from wholesale and retail trade establishments indicated a net contraseasonal decline of 53,000 over the preceding month, due in part to the direct and indirect government restrictions affecting the sales of automobiles, tires, electrical appliances and other commodities."

Secretary Perkins further reported:

"Approximately one-half of the gain of more than 2,500,000 non-agricultural workers over the year occurred in manufacturing industries. With but one exception (wholesale and retail trade), all other major groups showed employment gains over April of last year. Substantial declines in the wholesale and retail automotive and the retail furniture groups contributed to the decline of 134,000 in trade employment over the year. All major retail groups reported fewer employees than in April, 1941, with the exception of the group of retail food stores. This year pre-Easter shopping occurred too early in April to affect employment in retail stores in the pay period ending nearest the 15th, while last year, Easter buying was concentrated in the middle week of the month and accounted largely for a substantial employment gain.

"The increase of 0.5% in factory employment between March and April was about twice as large as the normally expected expansion, while the corresponding increase in weekly pay rolls, 1.9% or nearly $6,600,000, was in contrast to a typical decrease of 0.8% ($2,800,000) for this month. The durable goods group showed a gain of 1.3% (72,700) in employment, while the non-durable goods group reported a reduction of 0.4% (21,300).

"Many industries continued to show employment declines as a result of shortages of materials and lay-offs pending plant conversion to war production. Among such durable goods industries were automobiles, hardware, plumbers' supplies, stamped and enameled ware, tin cans, business machines, jewelry, and silverware and plated ware. Sharp increases, however, in such important war industries as shipbuilding, aircraft, foundries and machine-shops, engines, electrical machinery, and machine tools offset these declines sufficiently to cause a net gain in the durable goods group and in all manufacturing industries combined.

"In the non-durable goods group, substantial seasonal increases were reported for the beverage, canning, ice cream, beet sugar, and butter industries and smaller gains for cane sugar refining and knitted outerwear. Contraseasonal gains were shown in the cotton goods, silk and rayon, and woolen and worsted goods industries. Declines in other non-durable goods industries, however, notably cottonseed oil, cake and meal, millinery, carpets and rugs, rubber goods, fertilizers, fur-felt hats, and hosiery more than offset these gains to cause a net decline in the group as a whole.

"The April index of factory employment stood at 135.7% (1923-25=100) a rise of 10.7% since April of last year, and the corresponding pay-roll index was 186.4%, an increase of 38.4% since last year. As has been indicated in preceding reports, factory pay-rolls have advanced much more sharply than employment in recent months due to increased working hours in many industries, overtime premiums, and wage-rate increases.

"Fewer factory workers were affected by wage-rate increases in April than in any month since March of last year. Wage-rate increases between March 16 and April 15, 1942, were reported by 590 manufacturing establishments out of a reporting sample of about 30,000. They averaged 8.1% and affected about 110,000 workers out of a total of 6,000,000 employed by the covered plants.

"Employment in anthracite mining declined 1.1% and bituminous coal mining employment fell 0.5%. Metal mining as a whole showed an employment increase of 0.7% and employment in quarrying and non-metallic mining showed a less-than-seasonal increase of 5.7%. In crude petroleum production employment declined by 1%.

"Employment by street railways and buses again showed an increase of about 1%, reflecting the demand for additional transportation facilities. Increases of a seasonal character were reported by hotels, laundries, private building contractors, and dyeing and cleaning establishments. Brokerage firms reported fewer employees.

"Retail establishments reported a net contraseasonal decline of 0.5% in the number of workers due primarily to reductions in the automotive and furniture groups, reflecting the effect of the war program on the sales of automobiles, tires, gasoline, and electrical appliances and radios. Wholesale firms reported a larger-than-seasonal employment decline of 1.6%, due partially to reduced employment in the automotive and electrical groups.

"Federally-financed construction showed a more-than-seasonal expansion during the month ending April 15, adding 177,000 workers and $35,649,000 pay rolls. These represented increases of 15% and 18%, respectively, over the preceding month, and 63% and 93%, respectively, over the past year. In April, all Federally-financed construction employed 1,372,000 persons and paid out a total of $234,328,000 in pay rolls.

"War construction, not including housing, required 88% of the employment and 89% of the pay rolls. Expansion during April was concentrated mainly on the construction of cantonments, ordnance plants, air corps stations, new ships, airports, and streets and roads.

"Non-war construction other than housing, showed slight increases in employment and pay rolls during the month of April, but aggregated only 124,000 employees and $19,154,000 pay rolls, less than 10% of the total construction requirements.

"Public housing employment has declined steadily since July, 1941, showing a net decrease of 42% since April a year ago, from 72,900 to 42,600 persons. On the other hand, the war public works program including the construction of schools, hospitals, waterworks, and sanitary and recreational facilities servicing war-housing areas, has been expanding gradually since the inception of the program in October, 1941.

"Employment in the executive branch of the Federal Government exceeded the 2,000,000 mark during the month of April, with the addition of 10,300 persons inside the District of Columbia and 97,800 outside the District. Both employment and pay rolls increased 6% during the current month, but over the past year employment increased 63% and pay rolls 73%. The April pay rolls for the executive service were $327,119,000.

"The expansion of war industries has been accompanied by drastic contraction of work-relief projects. During April, WPA personnel declined 96,800 persons, and during the past year 755,000. These represented decreases of 10% and 47%, respectively. The contraction has affected personnel on war projects of the WPA somewhat less than on others—4% during the past month and 33% during the past year.

"The NYA dropped 10,100 persons from its student-work program and 15,300 persons from its out-of-school work program during April. Over the past year NYA personnel has contracted over 50%.

"Personnel on the CCC program likewise dropped sharply during April with the declines distributed among the different groups as follows: enrollees. 18,000 persons or 18%; nurses, 8 or 16%; educational advisers, 93 or 12%; supervisory and technical, 1,080 or 6%. Over the past year total CCC personnel has declined 64% and total pay rolls 59%."

The Labor Department's announcement also had the following to report:

ESTIMATES OF TOTAL NON-AGRICULTURAL EMPLOYMENT
[In thousands]

	April, 1942 (Preliminary)	Mar., 1942	Change Mar. to Apr., 1942	Apr., 1941	Change Apr., 1941 to Apr., 1942
Total civil non-agricultural employment	40,773	40,392	+381	38,228	+2,545
Employees in non-agricul. establish.	34,630	34,249	+381	32,085	+2,545
Manufacturing	12,897	12,845	+ 52	11,684	+1,213
Mining	860	860	0	564	+ 296
Contract construction	1,875	1,738	+137	1,775	+ 100
Transportation and public utilities	3,344	3,277	+ 67	3,113	+ 231
Trade	6,658	6,711	— 53	6,792	— 134
Finance, service and miscellaneous	4,264	4,195	+ 69	4,174	+ 90
Federal, State and local government	4,832	4,623	+109	3,983	+ 749

The estimates of "Total civil non-agricultural employment," given on the first line of the above table, represent the total number of persons engaged in gainful work in the United States in non-agricultural industries, excluding military and naval personnel, persons employed on WPA or NYA projects, and enrollees in CCC camps. The series described as "Employees in non-agricultural establishments" excludes also proprietors and firm members, self-employed persons, casual workers and persons in domestic service. The estimates for "Employees in non-agricultural establishments" are shown separately for each of seven major industry groups. Data for the manufacturing and trade groups have been revised to include adjustments to preliminary 1939 Census data.

The figures represent the number of persons working at any time during the week ending nearest the middle of each month. The totals for the United States have been adjusted to conform to the figures shown by the 1930 Census of Occupations or the number of non-agricultural "gainful workers" less than the number shown to have been unemployed for one week or more at the time of the Census.

Draft of Semi-Skilled Labor Seen Imminent; Employment of Women & Men Over 45 Urged

Declaring that "the armed forces must have the cream of the able-bodied young men," Col. Arthur V. McDermott, in addressing the monthly luncheon meeting of the New York State Chamber of Commerce on June 4 stated that "it rests with industry to devise ways and means whereby substitutes may be found for those able-bodied young men without dependents, now engaged in their plants." Col. McDermott, who is Director of Selective Service for New York City, made the statement that "so far as my observation goes, industry "is still claiming deferments for tens of thousands of these semi-skilled, able-bodied young men, and is still reluctant to obtain replacements by employing and training men over 45 years of age who are exempt from military service."

The speaker asserted that the chief cause of difficulty in passing upon occupational deferments "lies in the fact that during the year or more preceding Pearl Harbor, the war production plants throughout the country employed hundreds of thousands, and perhaps millions, of able-bodied young men with no grounds for deferment." He added:

> Most of those able-bodied young men are still working in the plants today. Many of them have become semi-skilled. We, in Selective Service, realize that if they were to be suddenly pulled out of the plants, wholesale and overnight, it would unquestionably result in a serious impairment of production.
>
> But, eventually, they must be replaced. They must be replaced by older men, and by men with dependents, and by men with physical defects, and to a considerable extent, by women. No matter how earnestly industry desires able-bodied young men, the Army and the Navy need them very much more than industry does, and the Army and the Navy come first.

Col. McDermott observed that "industry is no longer taking on these able-bodied young registrants haphazardly," adding, "industry is employing women in increasing numbers—industry is cooperating with Selective Service to a marked degree." In part he continued:

> There is no question that many of the able-bodied young men without dependents who are now employed in war production plants cannot reasonably be replaced in six months. I have in mind really skilled machinists who have completed an apprenticeship of three or four or five years, and graduate engineers and graduate chemists and other men of that category whose skill is based on years of training and experience. There is unquestionably an acute shortage of men of that type in industry, and they will be permitted to remain despite the fact that they are young and able-bodied and desirable military material.
>
> But as to the tens of thousands of young able-bodied semi-skilled men without dependents, the men with only a comparatively brief employment or training in a defense plant, it is my prediction that their Local Boards will call upon them to report for induction before the next six months are over.
>
> It is up to industry to start replacing them without delay with men with dependents, with men who have minor physical defects, with women, and above all with men over 45, capable and intelligent who are now tramping the streets looking for jobs.

While on the subject of occupational deferments, said Col. McDermott, "let me attempt to clear up what appears to be a popular misconception." He went on to say:

> A great many people seem to have the impression that if a man is engaged in a war production industry or in an industry which contributes to the war effort, he is automatically entitled to a deferment regardless of how important or unimportant his particular duties may happen to be.
>
> Several months ago, announcements were made by National Headquarters of the Selective Service System that the newspaper industry and the field of labor relations, for example, were activities which contributed to the war effort, and that "necessary men" in these fields of endeavor might be considered for deferment. This was misconstrued by a great many people to mean that everybody in the labor unions and everybody in the newspaper industry, from the office boy to the president, were entitled to deferments. Nothing could be further from the truth. There is no such thing as blanket deferments in Selective Service. Every classification must invariably be decided on the basis of the activities of the individual himself.

Col. McDermott also had the following to say:

> On the basis of the figures published on the first two registrations and the advance estimates issued by National Headquarters of the Selective Service System regarding the third registration we now have approximately 27,000,000 men, between the ages of 20 and 45 inclusive, registered for Selective Service in this country.
>
> Twenty-seven million men seems like a rather ample pool of manpower to supply the needs of both industry and the armed forces, but this figure standing by itself, falls far short of telling the whole story.
>
> Out of the 1,000,000 men between the ages of 21 to 35 who registered in New York City on the first registration in October, 1940, for example, more than 600,000, or 60% were placed in Class III-A by their Local Boards because of dependency.
>
> Out of the 600,000 men between the ages of 36 to 45 who registered in New York City last February, the percentage of dependency deferments will undoubtedly be even higher, as will also be the rejections for physical reasons. Only a small percentage of these 600,000 men will eventually be classified in I-A and inducted into military service under the existing regulations.
>
> The percentage of deferred classifications in New York City is substantially the same as the percentage prevailing throughout the nation.
>
> A very substantial proportion, however, of the 600,000 men who have been granted dependency deferments in New York City are registrants who are unmarried but who are contributing to the partial support of their parents or families. In the great majority of those cases the registrants are earning meager wages and their contributions to the household have been equally meager; perhaps only $6 or $7 or $8 a week. The deferments were rightly granted, nevertheless, because in thousands of homes in New York City, the conditions of poverty are so acute and pitiful that even a contribution of $5 a week might mean the difference between barely making both ends meet or a starvation diet.
>
> If and when Congress enacts the legislation now pending with respect to increases in pay and compulsory allowances and allotments for dependents, there is no question that tens of thousands of these young, able-bodied, unmarried men will be reclassified in I-A and inducted into service. Their compulsory allotment of pay, supplemented by the governmental grant will at least equal the contribution they are now making to the home in most instances, and with one less mouth to feed.
>
> Nevertheless, we must face the situation as it exists today. As I have indicated, our pool of 27,000,000 registrants, does not by any means indicate that we have 27,000,000 available for military service. It is from a much smaller number that we must draw our supply of manpower for the Army and the Navy. In making that drawing the greatest problem which confronts us is the question of occupational deferments.

Price Control Act— Duke Symposium

Because the price control law "in effect makes ordinary business policy contrary to the public interest, it cannot be successfully administered unless its necessity is accepted by those it affects," writes Price Administrator Leon Henderson in the introduction to a symposium of ten articles on "The Emergency Price Control Act" which has just been published in the Duke University Law School quarterly, "Law and Contemporary Problems." "Once the average American is convinced that the restraints are necessary and fair, he can be counted on for thorough cooperation," Mr. Henderson continues, declaring that fairness is the "sole responsibility" of the Office of Price Administration. He adds:

> "The elements of fairness, as I see them, require that all our regulations conform to a well-defined over-all policy and that the administration of these regulations be such that no one is justified in feeling that he has been discriminated against."

In its announcement the Duke University Law School says:

> Many of the contributors to the Duke symposium are prominent OPA officials. The relation of price control to wartime inflation is discussed in a background article by Columbia University economist J. M. Clark, now OPA consultant. General Counsel Ginsburg analyzes in detail the provisions conferring power on the Administrator and providing for the Act's enforcement. Northwestern University law professor, N. C. Nathanson, now OPA Assistant General Counsel, defends the Act's novel provisions for the protest and judicial review of the Administrator's orders pointing out that war exigencies require streamlined administrative procedure. War needs are also found by Professor Paul A. Freund of the Harvard Law School to justify the Act as an exercise of Federal constitutional power.
>
> What economic considerations are weighed in setting commodity price ceilings is the subject of an article by Assistant Administrator D. H. Wallace and P. H. Coombs, OPA economist, which is followed by a study of the economic and legal questions of rent control by Karl Borders, Director of OPA's Rent Division.
>
> Deputy Director J. L. Weiner of WPB's Division of Civilian Supply depicts the evolution of the various types of orders used by the Division in allocating scarce goods to civilian industry and also appraises the procedures which the Division has developed for consulting or hearing affected private interests. Procedure to coordinate the work of both this division and OPA with anti-trust law enforcement are described in a succeeding article by Fowler Hamilton, Chief of the Anti-trust Division's National Defense Section. Control of price and civilian supply under British wartime laws forms the subject of the concluding article by the chief of OPA's Foreign Information Unit, W. S. B. Lacy, and J. S. Early, economist.

Production, War Chiefs Here From Britain

Oliver Lyttelton, British Minister of Production, arrived in Washington on June 2 for conferences on production and supply with Donald M. Nelson, War Production chief, and Harry L. Hopkins, special Presidential assistant on defense aid program. He was accompanied by several British production experts and officials of the British Minister of Defense and the Supply Department. British officials, said Mr. Lyttelton, will review the British supply organization in the United States "in the light of the combined machinery for Anglo-American cooperation which was set up when the Prime Minister and Lord Beaverbrook visited the United States at the end of last year."

Mr. Lyttelton conferred with Mr. Nelson on June 3 and with President Roosevelt on June 5. Following his call at the White House, the British Production Minister said that the object of his visit to this country was the "integration" of British war production with that of the United States through establishment of a joint production agency.

Mr. Lyttelton on June 7 visited Detroit, where he viewed the conversion of the automobile industry to war production.

It is also to be noted that Lord Louis Mountbatten, head of the British Commandos, arrived in Washington today to consult with "representatives of United States fighting services." Mountbatten, who is a cousin of King George VI, holds the rank of Vice Admiral. Washington Associated Press accounts June 3 stated:

> His arrival, announced by the British Press Service, coincided with the opening of important conferences between American and British officials on Anglo-American production problems that are expected to have a direct bearing on the grand strategy of the war against the Axis.

Incidentally, the presence in London of Lieut. Gen. Brehon B. Somervell, United States Army Chief of Supply, is likewise noted. His arrival in London on May 27 followed the appearance there on May 26 of Lieut. Gen. Henry H. Arnold and Rear Admiral John H. Towers, chiefs of the Army and Navy Air Forces, and other high service officials.

New York City War Parade

A "New York At War" parade-demonstration will take place all day Saturday (June 13) along Fifth Avenue. A cross-section of the Army will take part in the spectacle. About 200 floats representing the United Nations, Latin American countries, and nations that have come under Axis domination, as well as many private companies, will also participate. Much emphasis will be placed on advertising War Bonds, the United Service Organizations and other relief units.

Since the demand for seats in the reviewing stands far outweighed the number available it was decided to place them on sale. Seats in the reviewing stands at Fifth Avenue between 41st and 42nd Streets are being sold for $5.50 and those in the grandstand extending along Fifth Avenue between 60th and 79th Streets sell for $1.10. The majority of stores along the route will be closed.

Lend-Lease Farm Product Deliveries To May 1

Approximately 5,000,000,000 pounds of farm products had been delivered to representatives of the United Nations for Lend-Lease shipment up to May 1, the U. S. Department of Agriculture reported on June 3. Total cost of the 4,977,475,000 pounds bought by the Agricultural Marketing Administration and delivered at shipping points since the program began in April, 1941, was $651,529,000.

The Department's announcement further explained:

> During the past April, when transfers of farm products doubled compared with March, 627,475,000 pounds costing $127,029,000 were delivered. The increases were largely in dried eggs, meat products and concentrated foods. The quantity of meat delivered more than doubled, the total reaching 101,974,000 pounds for the month. More than four times as much evaporated milk—over 23,198,000 pounds — was transferred, while the quantity of dry skim milk deliveerd rose from 1,997,500 pounds in March to 2,270,000 in April. Deliveries of dried eggs totaled 12,727,000 pounds or 5,000,000 more than in March.
>
> The per unit cost of all commodities delivered in April averaged slightly more than 20 cents a pound compared with 19.4 cents in March.
>
> Leading commodity groups delivered, with cumulative values up to May 1, 1942, were: dairy products and eggs, $207,491,152; meat, fish and fowl, $193,015,600; fruits, vegetables and nuts, $53,065,885; lards, fats and oils, $52,812,050, and grain and cereal products, $26,911,814. Purchases of other foodstuffs totaled $4,545,919 and non-foodstuffs $113,686,453. Wheat, cotton, corn, gum rosin and tobacco were made available for Lend-Lease operations by the Commodity Credit Corporation.

Car Owners Who Save 'Gas' Not To Be Penalized

Don't try to "live up" to your gasoline ration. Stay under it—to save both your gasoline and your tires. Try to cut your present mileage at least 50%.

This was the urgent request of Joel Dean, Chief of the Fuel Ration Branch, Office of Price Administration, on May 30, in a statement encouraging motorists in the Eastern rationed area to make voluntary reductions in their mileage beyond those imposed by rationing.

Under no circumstances, the statement emphasized, will such savings result in penalties for the card holder, or place him under any disadvantage when he applies for a new card.

Many holders of "B" cards have expressed the desire to make every possible reduction in their mileage. At the same time some motorists expressed the fear that unused units on their cards might indicate that at the time of registration they had padded their mileage estimates. Such an indication might lead to investigation and penalties, it was feared, even though the estimate of mileage was made honestly and in good faith.

"While the shortage of petroleum in the East is critical, the national shortage of rubber presents an even more desperate situation," Mr. Dean said. "For the average motorist the tires now on his car are the only ones in sight. Therefore, he should begin reducing his mileage every way he can right now.

"It is to be hoped that every car owner, regardless of the kind of ration card he holds, will make a voluntary cut in his driving by at least 50%."

Opposes Dictatorial Powers For President, Taking Issue With Views Of Hoover

Exception to the recent proposal by former President Herbert Hoover that President Roosevelt "to win total war" . . . "must have dictatorial economic powers," was taken on June 4 by Dr. George N. Shuster, President of Hunter College, in New York. Dr. Shuster, who spoke at the commencement exercises of the Graduate Faculty of Political and Social Science of the New School for Social Research, while commending the leadership of President Roosevelt in the present national and international crisis, nevertheless urged that Congress should assert itself to a greater degree than it has and exercise more effective influence on the actions of the Executive. The New York "Times" of June 5, in thus reporting the views of Dr. Shuster, likewise indicated that in his remarks he pointed to the failures and weaknessess of parliaments in Europe as factors in the rise of totalitarianism and said "the inability of modern parliaments to tell the executives of government that they want something done, and quickly, is a grave danger." In the "Times" Dr. Shuster was further quoted as follows:

> "I have the utmost respect for Mr. Roosevelt as a leader and a statesman," Dr. Shuster said. "He will go down in history as the man who saved this nation from the most dire menace in its history. But I shall confess that we might well be willing to take a somewhat weaker President if we could have a much greater Congress."
>
> If the democratic form of government is to survive we must not only understand the nature of the Nazi regime but must be prepared for counteraction, Dr. Shuster declared.
>
> "The primary bulwark of American liberty," he continued, "is to be found in the nature of the government itself. Democracy is the parliament, it is the Congress. The whole of the great human struggle for freedom can be summed up as a fight for representation in the supreme legislative councils. Give up that representation and you lose your liberties. But a parliament or a Congress is not enough. It must have power, and it must know how to use power intelligently.
>
> "What reason is there in theory for thinking that a Congressional committee cannot find a valid solution for a problem when one grants that a group of consultants hastily summoned by Presidential order can find a solution? When we see that Congressional committees have not acted promptly and effectively or that vitally important Senators did not sense the peril confronting the nation, one can only conclude that something is terribly wrong."

The proposal that President Roosevelt be given dictatorial powers was made by Mr. Hoover in a speech on May 20 at the annual meeting in New York City of the National Industrial Conference Board, Inc., at which time Mr. Hoover, as noted in our May 21 issue, page 1946, stated that "while economic freedom must suffer most by the war, we can, if we will, and we must, keep the other great personal freedoms and their safeguards alive. Live free speech, free radio and free press," he added, "are the heat that can thaw out any frozen liberties." As to that part of his address in which he advocated dictatorial powers for the President, Mr. Hoover said:

> We may first contemplate the limitations on economic freedom, for here are the maximum restrictions. To win total war President Roosevelt must have dictatorial economic powers. There must be no hesitation in giving them to him and upholding him in them. Moreover, we must expect a steady decrease in economic freedom as the war goes on.
>
> We must start our thinking with a disagreeable, cold, hard fact. That is, the economic measures necessary to win total war are pust plain Fascist economics. It was from the war organization developed by all nations, including the democracies, during the first total war, that the economic department of Fascism was born.
>
> But there are two vast differences in the application of this sort of economic system at the hands of democracies or by dictators. First, in democracies we strive to keep free speech, free press, free worship, trial by jury and the other personal liberties alive. And second, we want to so design our actions that these Fascist economic measures are not frozen into American life, but shall thaw out after the war.

Mr. Hoover also said that "criticism of the conduct of the war is necessary if we are to win the war. We want the war conducted right," and he likewise said:

> Criticism of the conduct of the war may rightly lead to criticism of public officials. In a democracy even the President is not immune from rightful criticism. I ought to know something of the theory and practice of that subject. The President is not the spiritual head of the people. He is not sacrosanct like the Mikado. Patriotism is not devotion to a public servant. It is devotion to our country and its right aims.

Mr. Hoover's address was delivered under the title, "The Limitations on Freedom In War."

Canada's Economy On War Time Basis

(Continued from First Page)

chased from us by the United States would come close to the cost to us of war materials and supplies which we have to obtain from the United States and for which we naturally pay United States dollar cash. It is a practical working arrangement and so long as it does, in fact, work, we shall be able to carry on. It was not, of course, operative to any great extent in 1941 and during that year our United States dollar resources declined by $142,000,000. Our sales of war materials in 1942 should be considerably larger and we are, therefore, hoping that we shall come closer to a balancing of accounts than we did last year.

With respect to the field of Government borrowing, Mr. Towers observed that "the Second Victory Loan of last February produced a total of $845,000,000 cash subscriptions from nearly 1,700,000 subscribers." "Translated into terms of U. S. income and U. S. population," he said, "these results could be compared to an American loan yielding $13,000,000,000 cash and 20,000,000 subscribers." "I think," he said, "you will agree that these are imposing figures."

Referring to Canada's financial relationships with the United Kingdom, Mr. Towers stated:

> It has been necessary to make sure that no lack of Canadian dollars kept the United Kingdom from buying all the things they needed to obtain in Canada. The United Kingdom deficit from the outbreak of the war to the end of February, 1942 amounted to $1,770.000,000. This deficit has been financed in three ways. In the early stages of the war—that is up to December, 1940 — we received partial payments in gold. The amount involved, $250,000,000, was used to reduce our deficit with the United States. Secondly, the Canadian Government and the Canadian National Railways prepaid their bonded debt held in the United Kingdom and this, together with some repatriation, accounted for approximately $820,000,000. The balance of the deficit to the end of February last was covered by a $700,000,000 loan from the Canadian Government to the Government of the United Kingdom—a loan which is non-interest bearing for the duration of the war. In March Parliament authorized a gift of $1,000,000 dollars to the United Kingdom. While the gift is phrased in dollars, you can understand that the real meaning of the transaction is that Canada is making a contribution of guns, tanks, aircraft, other munitions of war, food stuffs and supplies, to the full extent that these things are needed by other parts of the Empire. Financial considerations do not enter into this picture, with this single exception, that to enable us to pay for war supplies from the United States, we need to sell some war supplies to the United States.

As to the United States price control policy, he made the following comment:

> It would have been nothing short of a disaster if the United States had decided to throw up its hands and abandon itself to inflation. We are watching your efforts with the keenest and most sympathetic attention. Self-interest is obviously involved in our concern with what transpires south of the boundary line, but it is not a form of self-interest of which anyone need feel ashamed. What we genuinely desire is that the policies of the two countries should be such as to permit the maximum possible war effort within the shortest possible time: that they should be such that after Victory is achieved, both countries will find themselves in good shape to handle their post-war problems and to cooperate with vigor and good friendship in the reconstruction of a peaceful world.

Mexico Welcomed As U. S. Ally In War

Mexico's declaration of war against Germany, Italy and Japan was hailed by President Roosevelt and Secretary of State Hull on June 2.

In a message to President Camacho of Mexico, Mr. Roosevelt declared that "the people of the United States share with me the honor of welcoming Mexico to that community of nations united in fighting for the preservation of freedom and democracy."

Secretary Hull issued a statement saying that the declaration is "a further evidence that the free nations of the world will never submit to the heel of Axis aggression" and that the Mexican people "have again demonstrated that the free peoples of the world are determined to make whatever sacrifice may be necessary to maintain the sacred principles upon which their independence was founded."

President Roosevelt's message follows:

June 2, 1942.

His Excellency
General Manuel Avila Camacho,
President of the United Mexican States,
Mexico, D. F. (Mexico).

I have been informed that the United Mexican States has made formal declaration of war on Germany, Italy and Japan, thereby taking up a battle position alongside other freedom-loving nations which have been the subject of criminal aggression by these enemies of human liberties. Mexico, too, became the victim of unprovoked attack, and Mexico has in characteristically resolute and virile fashion, answered this challenge to its dignity and liberty. Once again the Axis tyrants have woefully erred in their appraisal of the temper of a free nation.

The people of the United States share with me the honor of welcoming Mexico to that community of nations united in fighting for the preservation of freedom and democracy. At the same time I extend to you on their behalf their deepest sympathy to the families of your countrymen who have already given their lives for our common cause. By our victory and the use we make of it we shall consecrate the memory of their supreme sacrifice.

I take this opportunity to send you my warm personal regards and my appreciation of your many and valuable contributions to our common cause.

FRANKLIN D. ROOSEVELT.

Bars Construction Of Non-Essential Plants

Formal instructions barring construction of new war plants unless such facilities are "absolutely essential" and can meet new requirements were issued on May 30 by the War Production Board. The directive, agreed on by the Secretaries of War and the Navy, and Donald M. Nelson, Chairman of the WPB, applies to all war-time construction, both publicly and privately financed, as well as to war plants.

In reporting this action Associated Press Washington advices May 30 said:

> "One of the main reasons for the new policy is that all critical materials are needed for war production now," a WPB announcement said, "and no materials can be spared for building facilities except when they are absolutely necessary."
>
> "The policy means simply that, in the light of existing shortages, it is necessary to put materials and effort into planes, ships, tanks and guns now, rather than putting them into plants which would not produce fighting weapons until a much later date."
>
> In addition, WPB emphasized, it will be necessary to make fullest use of all existing plant facilities currently suitable or which can be converted to required use.
>
> Any war facility will not be approved for construction unless:
>
> 1. It is essential for the war effort.
> 2. Postponement of construction would be detrimental to the war effort.
> 3. It is not practical to rent or convert existing facilities for the purpose.
> 4. Construction will not result in duplication or unnecessary expansion of existing plants or facilties under construction or about to be built.
> 5. All possible economies have been made in the project, with all non-essential parts and items deleted.
> 6. The projects are of the simplest possible type, merely sufficient to meet minimum requirements.
> 7. Sufficient labor, public utilities, transportation, raw materials, equipment and the like are available to build and operate the plant.

Plans for this action were referred to in these columns of May 21, page 1949.

WPB Given Power to Waive Anti-Trust Acts

Congressional action on the legislation setting up a Smaller War Plants Corporation in the War Production Board with $150,000,000 capital was completed on June 4 when the Senate adopted a conference report, which the House had approved on June 3. The Senate had voted on April 1 for a $100,000,000 capitalization and the House approved on May 26, $200,000,000 the conference committee compromised on $150,000,000. The bill authorizes the corporation to lend funds to convert small plants to war production.

Included in the final version of the bill is a House provision giving Chairman Donald M. Nelson of the WPB statutory authority to permit cooperative industrial programs essential to the war without regard to the anti-trust and Federal Trade Commission laws. Mr. Nelson only would have to "consult" the Attorney General before making such rulings.

Earlier (June 1) the Senate Judiciary Committee had approved a separate bill on the same subject—requiring the WPB to obtain the "approval" of the Attorney General before permitting suspension of anti-trust regulations. However, the Senate finally agreed to the House amendment in the war plants bill. As to this the New York "Journal of Commerce" reported the following from its Washington bureau on June 4:

> The Senate approved the measure by almost unanimous voice vote after a mild discuscussion of anti-trust features of the bill. Senator Norris (Ind., Neb.) argued against giving Donald Nelson virtually full power to except companies from prosecution under the Sherman and the Federal Trade Commission acts when those companies act collectively to aid war production.
>
> "There is nothing in this bill giving the Attorney General the right to veto any of Mr. Nelson's decisions," observed Senator Norris, after noting that the bill requires Mr. Nelson merely to consult with the Attorney General.
>
> In reply, Senator Taft (Rep., Ohio) stated that Attorney General Biddle has testified in hearings on the bill that he did not want that power.
>
> "The Attorney General," said Senator Taft, "testified that he would be satisfied to be able to point out to Mr. Nelson what the effect of business collaboration might be."
>
> Senate approval of this bill ends, it is believed, the controversy over application of anti-trust laws to war production work.

The "small plants" bill as agreed on also retained a House provision making it virtually mandatory for government war agencies to award contracts to small enterprises certified by the WPB as capable of handling them.

House passage on May 26 of the original measure was reported in these columns June 4, page 2125.

June 13 MacArthur Day

Congress has designated June 13 as Douglas MacArthur Day in honor of Gen. MacArthur and all those in the American and Filipino armed forces who served with him and under him in the heroic defense of the Philippine Islands. The resolution, which passed the Senate on May 28 and the House on June 5 requests President Roosevelt to issue a proclamation inviting the public to observe the day with suitable patriotic and public exercises.

June 13 is the 43rd anniversary of the appointment of Gen. MacArthur to the Military Academy at West Point.

Steel Output In May Exceeded April Total

Production of steel during May exceeded the total produced in the shorter month of April and was within a fraction of 1% of the peak set in March of this year, according to a report released on June 9 by the American Iron and Steel Institute. A total of 7,386,890 tons of steel ingots and castings was produced in May, compared with 7,122,313 tons in April and 7,392,911 tons in March.

Steel production last month was 5% higher than in May a year ago, when 7,044,565 tons were produced.

During the month of May, the steel industry operated at an average of 98.2% of capacity, as against 97.7% of capacity in April. In May 1941, when capacity was substantially less than at present, operations averaged 98.5% of capacity.

An average of 1,667,470 tons of steel ingots and castings was produced per week during May, compared with 1,660,213 tons per week in April and 1,590,195 tons per week in May of last year.

PRODUCTION OF OPEN HEARTH, BESSEMER AND ELECTRIC STEEL INGOTS AND STEEL FOR CASTINGS

Period	Estimated Production —All Companies— Total Net tons	Percent of capacity	Calculated weekly production, all companies (net tons)	Number of weeks in month
1942 †				
January	7,124,922	94.7	1,608,335	4.43
February	6,521,056	96.0	1,630,264	4.00
March	7,392,911	98.2	1,668,829	4.43
1st Quarter	21,038,889	96.3	1,635,994	12.86
April	7,122,313	97.7	1,660,213	4.29
May	7,386,890	98.2	1,667,470	4.43
1941 †				
January	6,922,352	96.8	1,562,608	4.43
February	6,230,354	96.5	1,557,589	4.00
March	7,124,003	99.6	1,608,127	4.43
1st Quarter	20,276,709	97.7	1,576,727	12.86
April	6,754,179	97.6	1,574,401	4.29
May	7,044,565	98.5	1,590,195	4.43
June	6,792,751	98.1	1,583,392	4.29
2nd Quarter	20,591,495	98.1	1,582,744	13.01
1st 6 months	40,868,204	97.9	1,579,753	25.87
July	6,812,224	93.3	1,541,227	4.42
August	6,997,496	95.6	1,579,570	4.43
September	6,811,754	96.3	1,591,531	4.28
3rd Quarter	20,621,474	95.1	1,570,562	13.13
9 months	61,489,678	96.9	1,576,658	39.00
October	7,236,068	98.9	1,633,424	4.43
November	6,960,885	98.2	1,622,584	4.29
December	7,150,315	97.9	1,617,718	4.42
4th quarter	21,347,268	98.3	1,624,602	13.14
Total	82,836,946	97.3	1,588,741	52.14

†Based on Reports by Companies which in 1941 made 98.5% of the Open Hearth, 100% of the Bessemer and 87.8% of the Electric Ingot and Steel for Castings Production.

Note—The percentages of capacity operated are calculated on weekly capacities of 1,498,029 net tons open hearth, 128,911 net tons Bessemer and 71,682 net tons electric ingots and steel for castings, total 1,698,622 net tons; based on annual capacities as of Jan. 1, 1942 as follows: Open hearth 78,107,260 net tons, Bessemer 6,721,400 net tons, electric 3,737,510 net tons.

The percentages of capacity operated in the first 6 months are calculated on weekly capacities of 1,430,102 net tons open hearth, 134,187 net tons Bessemer and 49,603 net tons electric ingots and steel for castings, total 1,613,892 net tons; based on annual capacities as of Jan. 1, 1941, as follows: Open hearth 74,565,510 net tons, Bessemer 6,996,520 net tons, electric 2,586,320 net tons. Beginning July 1, 1941, the percentages of capacity operated are calculated on weekly capacities of 1,459,132 net tons open hearth, 130,292 net tons Bessemer and 62,761 net tons electric ingots and steel for castings, total 1,652,185 net tons; based on annual capacities as follows: Open hearth, 76,079,130 net tons, Bessemer 6,793,400 net tons, Electric 3,272,370 net tons.

Labor Bureau's Wholesale Price Index Shows Slight Advance In May 30 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on June 4 that its comprehensive index of nearly 900 price series in primary markets edged fractionally upward during the last week of May. With a gain of 0.1% the all-commodity index reached 98.8% of the 1926 average, the highest point in more than 15 years. Continued increases in prices for agricultural products, particularly livestock, accounted for the advance. In the past 12 months the index has risen 16%.

The Bureau makes the following notation:

During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes, however, must be considered as preliminary and subject to such adjustment and revision as required by late and more complete reports.

The following table shows index numbers for the principal groups of commodities for the past 3 weeks, for May 2, 1942, and May 31, 1941, and the percentage changes from a week ago, a month ago, and a year ago.

(1926=100)

Commodity Groups—	5-30 1942	5-23 1942	5-16 1942	5-2 1942	5-31 1941	Percentage changes to May 30, 1942 from— 5-23 1942	5-2 1942	5-31 1941
All Commodities	*98.8	*98.7	*98.5	*98.7	85.2	+0.1	+0.1	+16.0
Farm products	106.0	104.8	104.3	104.8	77.3	+1.1	+1.1	+37.1
Foods	99.4	99.1	98.2	99.9	79.2	+0.3	—0.5	+25.5
Hides and leather products	119.0	119.2	119.8	120.0	107.8	—0.2	—0.8	+10.4
Textile products	97.2	97.2	97.3	97.2	83.2	0	0	+16.8
Fuel and lighting materials	78.9	78.9	78.8	78.6	77.7	0	+0.4	+ 1.5
Metals and metal products	*104.0	*104.0	*104.0	*103.9	98.2	0	+0.1	+ 5.9
Building materials	109.9	110.0	110.1	108.7	100.5	—0.1	+1.1	+ 9.4
Chemicals and allied products	97.3	97.3	97.3	97.1	83.9	0	+0.2	+16.0
Housefurnishing goods	104.5	104.6	104.6	104.6	92.7	—0.1	—0.1	+12.7
Miscellaneous commodities	90.1	90.2	90.2	89.6	79.7	—0.1	+0.6	+13.0
Raw materials	100.6	99.8	98.9	100.1	80.4	+0.8	+0.5	+25.1
Semimanufactured articles	92.7	92.8	92.8	92.5	86.7	—0.1	+0.2	+ 6.9
Manufactured products	*99.1	*99.2	*99.3	99.1	87.6	—0.1	0	+13.1
All commodities other than farm products	*97.3	*97.4	*97.2	97.3	87.0	—0.1	0	+11.8
All commodities other than farm products and foods	*95.9	*95.9	*95.9	95.6	88.2	0	+0.3	+ 8.7

*Preliminary.

Electric Output For Week Ended June 6, 1942 Shows 9.6% Gain Over Same Week in 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended June 6, 1942, was 3,372,374,000 kwh., which compares with 3,076,323,000 kwh. in the corresponding period in 1941, a gain of 9.6%. The output for the week ended May 30, 1942, was estimated to be 3,322,651,000 kwh., an increase of 12.5% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographical Divisions—	Week Ended June 6, '42	May 30, '42	May 23, '42	May 16, '42
New England	7.4	14.6	9.8	8.7
Middle Atlantic	5.8	9.2	8.2	8.4
Central Industrial	7.3	12.6	9.0	9.3
West Central	10.4	10.4	8.2	8.2
Southern States	14.2	10.7	15.4	16.7
Rocky Mountain	1.3	7.0	4.6	2.5
Pacific Coast	17.6	22.1	19.2	19.6
Total United States	9.6	12.5	11.2	11.5

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Apr. 4	3,348,608	2,959,646	+13.1	2,493,690	1,465,076	1,663,291
Apr. 11	3,320,858	2,905,581	+14.3	2,529,908	1,480,738	1,696,543
Apr. 18	3,307,700	2,897,307	+14.2	2,528,868	1,469,810	1,709,331
Apr. 25	3,273,190	2,950,448	+10.9	2,499,060	1,454,505	1,699,822
May 2	3,304,602	2,944,906	+12.2	2,503,899	1,429,032	1,688,434
May 9	3,365,208	3,003,921	+12.0	2,515,515	1,436,928	1,698,492
May 16	3,356,921	3,011,345	+11.5	2,550,071	1,435,731	1,704,426
May 23	3,379,985	3,040,029	+11.2	2,588,821	1,425,151	1,705,460
May 30	3,322,651	2,954,647	+12.5	2,477,689	1,381,452	1,615,085
June 6	3,372,374	3,076,323	+ 9.6	2,598,812	1,435,471	1,689,925

From Washington

(Continued from First Page)

be Dictator of Germany and the cause celebre of the present world conflagration, is no more fantastic than the rise of Leon. The day he was named Price Administrator—and we so reported at the time—business circles generally welcomed it. Leon was no radical, the business trade publications reported. And if by being radical means Leftist, I lend my support to that statement.

Business man after business man, down in Washington, has told this writer that he would rather deal with Leon any day than many, if not most of the confused Dollar-a-Year men with whom he came in contact. I don't doubt in the slightest that that is true. Leon is a very sensible fellow, a man who carries more knowledge in his head of a particular industry and of the varied industries of this country, than any man I ever ran into. It is easily understandable why a business man coming down to Washington and talking to Leon would think that there is an understanding fellow and one not to be feared.

But the trouble now seems to be that Leon's organization has overgrown him. Business men coming down to Washington don't see Leon. They see one of his thousands of subordinates. This was inevitable. And there is not the slightest doubt in the world that in talking to most of these subordinates, the business man is liable to be frightened, if not scared to death.

Why is this so? Why wouldn't a man of Leon's temperament, whose only ambition in the world was to get along and be a power but not a radical power, have surrounded himself with men of similar minds?

The answer is right funny. Around the turn of the year 1940-41, just a few weeks after the New Deal had come in for a third term, Leon was one of the advocates of "Business as Usual," a phrase which has been completely turned around since. The New Dealers were the "Business as Usual" boys in those days, in that they were demanding that we not only carry on our all-out aid to Britain policy but that, in the meantime, we continue to build domestically—steel plants, aluminum plants, housing for the underprivileged, recreation grounds—with our inexhaustible resources we were to build not only for Britain but for the American people. We were to spread our abundance of wealth, which apparently has turned out not to be such an abundance after all.

While this school of thought was still prevailing, Mr. Roosevelt, in response to agitation for a new and better and "more coordinated" defense setup, created, as I recall it, the National Defense Advisory Council, and Leon was completely left out of the picture. Leon left town in a huff, went off to commune with himself.

Bear in mind, this "Business as Usual" project of the New Dealers almost frightened industry to death. They visualized the New Dealers building up plants to compete with them after the war. They were against this "Business as Usual," a term which subsequently came to be saddled upon them.

Leon, for some reason or another, in the few weeks in which he was sojourning with himself, and figuring out that he was getting nowhere in the "Business as Usual" crusade, thought out a new idea. It was that if you were not going to have this extended production, this expanded plant capacity—then there had to be control of prices to prevent "inflation." Ah, that is a word with which the bureaucrats have been really going to town, and the things they are doing under its cloak are nobody's business.

Now, why did we have to have this control of prices? Well, without extended and expanded production, the American people would be enjoying a larger income than was their wont and not having the goods to buy, because of non-extended and non-expanded production, would begin bidding against one another for the available goods and thereupon we would have inflation. It's the most logical sounding thing you ever heard of. Leon met Harry Hopkins returning from Europe, sold him this idea, and became Price Administrator.

Well, it so happens that during all of these shenanigans of Leon's, the New Dealers had begun passing around the word that Leon was really not a New Dealer any more, that he had gone off with the Conservatives. What must they think when the Conservatives welcome his job as Price Administrator?

But he is obligated to all these fellows with whom he has been playing ball. As he builds up his vast organization to have a tremendous influence over our lives, these fellows come to him in that attitude of "Now that you've gone conservative, you don't want me." And to reassure them, Leon must say, "You've got me all wrong, come right in."

And that's the way his organization has been built up, and that is what is to be the undoing of Leon.

April Farm Cash Income Far Ahead of Year Ago

Cash income from farm marketings in April totaled $973,000,000 compared with the revised estimate of $901,000,000 in March, and was 46% higher than the $665,000,000 received in April last year, according to the May issue of "The Farm Income Situation," published by the Bureau of Agricultural Economics, U. S. Department of Agriculture. Government payments in March and April are not yet available, but will be brought to date in a future issue of "The Farm Income Situation," it was stated. The Bureau's summary goes on to say:

> Income from farm marketings increased somewhat more than usual from March to April. Returns from cotton were increased through the redemption and sale of cotton placed under loan in 1941, whereas income from cotton usually declines from March to April. Income from vegetables and miscellaneous crops in April also was up slightly more than usual. Increased marketings and higher prices of hogs and butterfat and increased marketings of eggs, with but little change in prices, resulted in somewhat more than the usual increase in income from March to April for these products. Income from feed grains declined somewhat more than seasonally because of the smaller quantity of corn placed under loan during April, while returns from other groups of commodities made about the usual seasonal change. The seasonally adjusted index of income from farm marketings rose from 127% of the 1924-29 average in March to 135% in April. The index of income from crops increased from 104 to 114.5%, and the index of income from livestock and livestock products from 147.5 to 154.0%.

The total cash income from farm marketings from January to April, 1942, of $3,712,000,000 was 49% higher than in the first 4 months of 1941. Returns from all groups of commodities were sharply higher than a year earlier.

WPB Construction Bureau Moves To New York City

The Bureau of Construction of the War Production Board, recently established to coordinate all construction functions of the WPB, has removed its headquarters to the Empire State Building, New York City.

Except for a small office staff which will remain in Washington for liaison work, the entire organization under William V. Kahler, Chief of the Bureau, is affected by the change. Thomas L. Peyton, assistant to the Chief, will be in charge of the Washington office.

The Bureau is divided into five operating branches: Project Analysis Branch, Materials Control Branch, Project Service Branch, Housing Branch and Consultation Branch.

From the announcement we also quote:

> Direction and decisions of the Bureau will be handled in the New York office.
>
> All contacts with Federal, State and local Government agencies in regard to applications concerning their construction projects are the function of the Bureau of Governmental Requirements, under the direction of Maury Maverick. This Branch, part of the Division of Industry Operations, will remain in Washington.
>
> The facilities of several other agencies of the Government have been made available to the War Production Board for receiving and processing applications for authorization to begin construction.

Treasury Silver For Aluminum War Plants

A dime is still worth ten pennies when it jingles in your pocket, but in building plants to make aluminum for planes to win the war, silver is being substituted in large quantities for copper sorely needed elsewhere, Thomas D. Jolly, chief engineer and director of purchases for the Alumminum Company of America, told the National Association of Purchasing Agents in New York on May 26. Speaking before the NAPA's annual convention, Mr. Jolly, a former President of the Association, described the streamlined methods, standardization of orders and equipment, and substitution of materials which are making possible the construction by this company of 15 large plants for the Defense Plant Corporation at record speed. Although contracts were let only last August, two of the DPC metal-producing plants are already in operation, and three others will come in in the near future, Mr. Jolly said. The first to use large quantities of silver will be the largest aluminum plant in the country, now under construction in the New York area, he added. Mr. Jolly also said:

> The government-owned metal-producing plants require about 36,000 tons of copper busbar. If we add the requirements for light and power wiring, motors and other uses, this becomes entirely too much copper for these days of heavy military demand. On the new program, the United States Treasury will loan DPC silver from the vaults of West Point. It will be fabricated by the copper companies and shipped to us ready to install. Present plans call for the use of about 13,000 tons for heavy busbar. At the end of the emergency it is to be returned to the Treasury.

Mr. Jolly, director of construction of a vast aluminum war expansion program which includes 35 major projects for the government and the aluminum company, said that although each of several of the new plants will produce more aluminum than the entire nation produced at its peak in World War I, there will still be not a pound left for civilian use. Alcoa's own expansion, involving $250,000,000, has been substantially completed, he said.

FDR Authorizes Appointing More West Point Cadets

President Roosevelt signed on June 4 legislation authorizing the appointment of 536 more cadets to the United States Military Academy at West Point, bringing the corps strength to 2,496 cadets. The legislation, recommended by Secretary of War Stimson in order to make maximum emergency capacity use of the academy, permits one additional appointment for each Senator, Representative, Delegate in Congress, the Resident Commissioner of Puerto Rico, the District of Columbia and the Panama Canal Governor.

The measure passed the House on May 13 and the Senate, in amended form, on May 19. Compromise legislation was approved by the House on May 27 and by the Senate on May 28.

N. Y. War Bond Pledge Drive Starts June 14

Greater New York's War Bond Pledge Campaign, to consist of a house-to-house canvass by 200,000 "Minute Men," will start on June 14 and extend to June 24, during which time the Treasury Department hopes to exceed the city's quota of $1,900,000,000 in war bond pledges. Prior to the start of the drive, 2,000,000 letters—one to every household in the city's five boroughs—were mailed out appealing to persons receiving incomes to invest in war bonds—"to buy them regularly, month after month, until this war is won." The letters, preparing New Yorkers for the visits of the "Minute Men," contain the story of the war bonds as a sound investment. John T. Madden, Vice-President of the Manufacturers Trust Co. and Chairman of the Greater New York War Bond Pledge Campaign, points out in the letter that no money will be collected during the drive, the Minute Men only securing pledges to buy war bonds and stamps.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
June 9	118.39	106.21	115.82	113.12	107.44	91.19	95.77	110.88	113.50
8	118.37	106.21	115.82	112.93	107.27	91.48	95.77	110.88	113.50
6	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.51
5	118.38	106.21	115.82	112.93	107.27	91.34	95.77	110.70	113.31
4	118.39	106.21	116.02	112.75	107.44	91.34	95.62	110.70	113.50
3	118.41	106.21	115.82	112.93	107.44	91.34	95.77	110.70	113.50
2	118.33	106.39	116.02	112.75	107.44	91.48	95.77	110.70	113.70
1	118.30	106.39	116.02	112.93	107.44	91.77	95.92	110.88	113.70
May 29	118.35	106.39	116.02	112.93	107.44	91.77	96.07	110.70	113.70
22	118.33	106.56	116.02	112.93	107.44	91.91	96.07	110.70	113.50
15	117.89	106.74	116.02	113.31	107.62	92.06	96.54	110.88	113.70
8	117.79	106.74	116.22	113.12	107.62	92.20	96.69	110.70	113.70
1	117.90	106.56	116.22	113.12	107.44	92.06	96.69	110.70	113.70
Apr. 24	117.80	106.74	116.22	113.12	107.62	92.06	96.69	110.70	113.70
17	118.08	106.92	116.41	113.70	107.62	92.20	96.85	110.88	113.89
10	118.06	106.92	116.41	113.89	107.62	92.35	97.16	110.70	114.08
2	118.10	106.92	116.22	113.70	107.62	92.20	97,00	110.52	114.08
Mar. 27	118.20	106.74	116.22	113.50	107.62	91.91	97.00	110.34	113.50
20	117.80	106.21	115.63	113.12	107.09	91.34	96.85	109.79	112.93
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
High 1942	118.41	106.92	116.61	114.08	107.98	92.50	97.47	110.88	114.08
Low 1942	115.90	106.04	115.43	112.75	107.09	90.63	95.62	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago									
June 9, 1941	118.86	106.74	117.20	113.89	107.27	91.34	96.69	110.07	113.50
2 Years ago									
June 8, 1940	113.12	99.68	113.12	110.52	100.16	79.72	86.78	106.21	107.80

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
June 9	3.38	2.86	3.00	3.31	4.33	4.02	3.12	2.98
8	3.38	2.86	3.01	3.32	4.31	4.02	3.12	2.98
6	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
5	3.38	2.86	3.01	3.32	4.32	4.02	3.13	2.99
4	3.38	2.85	3.02	3.31	4.32	4.03	3.13	2.98
3	3.38	2.86	3.01	3.31	4.32	4.02	3.13	2.98
2	3.37	2.85	3.02	3.31	4.31	4.02	3.13	2.97
1	3.37	2.85	3.01	3.31	4.29	4.01	3.12	2.97
May 29	3.37	2.85	3.01	3.31	4.29	4.00	3.13	2.97
22	3.36	2.85	3.01	3.31	4.28	4.00	3.13	2.98
15	3.35	2.85	2.99	3.30	4.27	3.97	3.12	2.97
8	3.35	2.84	3.00	3.30	4.26	3.96	3.13	2.97
1	3.36	2.84	3.00	3.31	4.27	3.96	3.13	2.97
Apr. 24	3.35	2.84	3.00	3.30	4.27	3.96	3.13	2.97
17	3.34	2.83	2.97	3.30	4.26	3.95	3.12	2.96
10	3.34	2.83	2.96	3.30	4.25	3.93	3.13	2.95
2	3.34	2.84	2.97	3.30	4.26	3.94	3.14	2.95
Mar. 27	3.35	2.84	2.98	3.30	4.28	3.94	3.15	2.98
20	3.38	2.87	3.00	3.33	4.32	3.95	3.18	3.01
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
High 1942	3.39	2.88	3.02	3.33	4.37	4.02	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.24	3.91	3.12	2.95
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago								
June 9, 1941	3.35	2.79	2.96	3.32	4.32	3.96	3.11	2.98
2 Years ago								
June 8, 1940	3.77	3.00	3.14	3.74	5.21	4.65	3.38	3.29

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Moody's Common Stock Yields

MOODY'S WEIGHTED AVERAGE YIELD ON 200 COMMON STOCKS

Year—	Industrials (125)	Railroads (25)	Utilities (25)	Banks (15)	Insurance (10)	Average Yield (200)
1929	4.0%	4.4%	2.6%	1.7%	3.2%	3.5%
1930	4.9	5.6	3.7	2.8	4.3	4.6
1931	6.4	8.7	5.4	5.0	6.7	6.2
1932	7.3	6.3	8.0	7.0	9.3	7.4
1933	3.7	2.7	6.9	6.1	5.4	4.4
1934	3.4	3.0	6.9	5.6	3.9	4.1
1935	3.5	4.0	6.3	4.8	3.7	4.0
1936	3.4	2.7	4.5	3.5	3.3	3.5
1937	4.8	4.3	5.5	3.6	3.9	4.8
1938	3.9	5.3	6.4	5.0	4.3	4.4
1939	3.9	3.7	5.5	4.4	4.1	4.2
1940	5.3	5.4	5.7	4.4	4.4	5.3
1941	6.3	6.5	6.6	4.7	4.2	6.2
Month—						
January, 1941	6.0	6.2	6.0	4.4	4.2	5.9
February, 1941	6.2	6.2	6.1	4.5	4.3	6.0
March, 1941	6.2	6.2	6.2	4.5	4.2	6.1
April, 1941	6.6	6.3	6.7	4.8	4.4	6.4
May, 1941	6.5	6.5	6.8	4.9	4.3	6.4
June, 1941	6.2	6.4	6.5	4.5	4.2	6.1
July, 1941	5.8	5.9	6.4	4.5	4.0	5.8
August, 1941	5.9	6.0	6.4	4.6	3.9	5.9
September, 1941	5.9	6.3	6.5	4.6	3.9	5.9
October, 1941	6.4	6.5	6.6	5.0	4.1	6.3
November, 1941	6.9	6.8	6.9	5.2	4.1	6.8
December, 1941	7.3	8.2	7.6	5.4	4.5	7.3
January, 1942	7.4	7.2	7.6	5.3	4.5	7.2
February, 1942	7.2	7.4	7.7	5.6	4.6	7.1
March, 1942	7.7	8.2	8.5	6.0	5.0	7.7
April, 1942	7.7	8.3	8.9	6.1	5.3	7.8
May, 1942	6.7	7.8	8.2	5.7	4.9	6.9

Moody's Daily Commodity Index

Tuesday, June 2	228.8
Wednesday, June 3	228.6
Thursday, June 4	229.7
Friday, June 5	229.2
Saturday, June 6	227.6
Monday, June 8	227.1
Tuesday, June 9	227.8
Two weeks ago, May 26	231.7
Month ago, May 9	232.2
Year ago, June 9	198.1
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—April 9	234.0
Low—Jan. 2	220.0

Market Value Of Bonds On N. Y. Stock Exchange

The New York Stock Exchange announced on June 8 that as of the close of business May 29, there were 1,166 bond issues aggregating $61,956,472,933 par value listed on the New York Stock Exchange with a total market value of $59,257,509,674. This compares with 1,163 bond issues aggregating $60,571,662,883 par value listed on the Exchange on April 30 with a total market value of $57,923,553,616.

In the following table listed bonds are classified by Governmental and industrial groups with the aggregate market value and average price for each:

Group—	Apr. 30, 1942 Market Value $	Apr. 30, 1942 Average Price $	May 29, 1942 Market Value $	May 29, 1942 Average Price $
U. S. Government (incl. N. Y. State, Cities, etc.)	42,752,196,854	105.76	44.133,391,864	105.82
U. S. companies:				
Amusements	34,756,820	99.43	35,507,482	99.62
Automobile	13,461,107	103.16	13,469,068	103,23
Building	17,357,214	93.70	17,215,735	92.94
Business and office equipment	15,075,000	100.50	14,925,000	99.50
Chemical	74,504,750	97.84	75,179,563	98.73
Electrical equipment	36,325,000	103.79	35,950,000	102.71
Financial	58,231,610	99.23	57,418,613	99.89
Food	207,846,047	104.26	222,058,168	103.83
Land and realty	9,335,053	67.97	9,353,100	68.10
Machinery and metals	45,118,317	98.99	45,179,879	99.13
Mining (excluding iron)	92,306,155	57.66	90,141,762	56.94
Paper and publishing	50,863,746	100.15	50,732,342	99.90
Petroleum	596,517,259	102.21	586,345,656	101.78
Railroad	6,549,969,131	63.35	6,364,830,543	61.57
Retail merchandising	12,000,749	78.47	11,727,660	77.71
Rubber	71,963,790	97.94	72,800,765	99.08
Ship building and operating	11,127,840	97.00	11,299,920	98.50
Shipping services	17,585,703	63.46	17,684,317	63.82
Steel, iron and coke	552,625,211	100.20	548,159,660	100.01
Textiles	25,923,310	97.65	26,266,730	98.95
Tobacco	39,782,813	118.15	139,565,967	104.41
Utilities:				
Gas and electric (operating)	3,261,225,966	105.79	3,259,664,000	105.91
Gas and electric (holding)	98,139,642	95.77	100,243,275	97.82
Communications	1,191,843,115	106.21	1,194,913,134	106.49
Miscellaneous utilities	84,495,266	57.36	87,704,945	59.59
U. S. companies oper. abroad	99,012,100	54.46	105,852,556	58.22
Miscellaneous businesses	31,545,000	103.43	31,252,500	102.47
Total U. S. companies	13,298,937,720	77.99	13,225,442,340	77.14
Foreign government	1,174,247,263	52.44	1,197,259,719	53.47
Foreign companies	698,171,779	80.61	701,415,751	81.05
All listed bonds	57,923,553,616	95.63	59,257,509,674	95.64

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1940—	Market Value $	Average Price $	1941—	Market Value $	Average Price $
Apr. 30	49,611,937,544	92.48	May 30	52,321,710,056	94.22
May 31	46,936,861,020	87.87	June 30	53,237,234,699	94.80
June 29	47,665,777,410	90.14	July 31	53,259,696,637	95.04
July 31	48,601,638,211	90.86	Aug. 30	53,216,867,646	94.86
Aug. 31	49,238,728,732	91.33	Sept. 30	53,418,055,935	94.74
Sept. 30	49,643,200,867	92.08	Oct. 31	55,106,635,894	95.25
Oct. 31	50,438,409,964	92.84	Nov. 29	54,812,793,945	94.80
Nov. 30	50,755,887,399	93.58	Dec. 31	55,033,616,312	94.50
Dec. 31	50,831,283,315	93.84	1942—		
1941—			Jan. 31	56,261,398,371	95.24
Jan. 31	50,374,446,095	93.05	Feb. 28	57,584,410,504	95.13
Feb. 28	50,277,456,796	92.72	Mar. 31	58,140,382,211	95.97
Mar. 31	52,252.053,607	93.73	Apr. 30	57,923,553,616	95.63
Apr. 30	52,518,036,554	94.32	May 29	59,257,509,674	95.64

Fertilizer Association Commodity Index Lower

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on June 8, declined for the third consecutive week. In the week ended June 6, 1942, this index stood at 127.5% of the 1935-39 average compared with 127.7 in the preceding week, 127.9 a month ago, and 107.7 a year ago. The Association's report went on to say:

The sharp decline in the farm products price index was mainly responsible for the downturn in the all-commodity index. While livestock quotations were only slightly higher, grains sagged to the lowest point reached since December, 1941, and cotton dropped to the March levels. A recession in the textile index was due to lower prices for raw cotton. The fertilizer materials index was slightly lower, due to declining prices for cottonseed meal and fish scrap. Lower cattle feed and linseed meal quotations were responsible for a drop in the miscellaneous commodity price index. The building materials index was slightly lower. The fuel index moved to higher levels last week as a result of an upturn in the price of gasoline. The food index remained unchanged, with 4 items included in the group advancing and 5 declining.

During the week price declines outnumbered price advances 18 to 8; in the preceding week prices of 13 commodities declined and 10 advanced; in the second preceding week there were 12 advances and 12 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
[*1935-1939 = 100]

% Each Group Bears to the Total Index	Group	Latest Week June 6 1942	Preceding Week May 30 1942	Month Ago May 2 1942	Year Ago June 7 1941
25.3	Foods	125.6	125.6	126.1	102.5
	Fats and Oils	137.0	138.7	138.7	110.8
	Cottonseed Oil	158.4	163.0	159.3	122.0
23.0	Farm Products	135.5	136.5	136.8	103.9
	Cotton	182.7	187.5	190.5	125.4
	Grains	111.6	114.1	113.8	95.3
	Livestock	132.3	132.2	132.3	101.9
17.3	Fuels	119.7	119.5	119.2	107.2
10.8	Miscellaneous commodities	127.6	r127.8	127.9	116.3
8.2	Textiles	148.2	148.9	149.1	128.5
7.1	Metals	104.4	104.4	104.4	103.4
6.1	Building materials	151.6	151.7	151.6	117.1
1.3	Chemicals and drugs	120.7	120.7	120.7	105.0
.3	Fertilizer materials	118.5	118.7	118.7	104.7
.3	Fertilizers	115.3	115.3	115.3	101.1
.3	Farm machinery	104.1	104.1	104.1	99.3
100.0	All groups combined	127.5	127.7	127.9	107.7

*Indexes on 1926-1928 base were: June 6, 1942, 99.3; May 30, 99.5; June 7, 1941, 83.9. r Revised.

Tightens Dimout Rules

New and more severe dimout regulations for the Second Corps Area in order to prevent silhouetting of ships at sea were issued on June 1 by Major Gen. T. A. Terry, commanding the area. The regulations apply to all of New York City, Suffolk and Nassau Counties, part of Westchester County and coastal counties of New Jersey and Delaware.

The rules provide that all lights normally visible from the sea shall be dimmed or shaded in such a manner that they will not be visible under any condition at a distance of more than one mile from the shore. Provision is also made that throughout the area all exterior lights used for traffic guidance and for security measures be reduced in volume and number of wattage so that direct rays shall not shine at an angle above horizontal. All windows and skylights under the order must be screened or shaded so as to prevent direct rays of light escaping. The regulations also ban all illuminated exterior advertising signs.

The first regulations for the Second Corps Area were referred to in these columns April 30, page 1710.

Over-Zealous War Bond Sales Vetoed By Treasury

Secretary of the Treasury Morgenthau on June 1 took steps to intercept any over-zealous sales methods in connection with the current War Savings Bonds and Stamps Quota Campaign. In a memorandum sent to War Savings Staff State Administrators and their thousands of volunteer assistants, the Secretary pointed out that the current Savings Campaign enjoys the confidence of the American people and that "this goodwill is a priceless asset." The Secretary further said:

> Every case of intimidation, threat or coercion in promoting the sale of War Savings Bonds and Stamps will tend to undermine public confidence in the sincerity of our intention to make this a truly voluntary effort. It is therefore against Treasury policy for anyone connected with the War Savings Staff, or acting under its auspices, to use intimidation or threats of any kind to induce people to sign pledges, payroll authorization cards, or Bond applications.

Although stating that the number of such over-zealous persons, acting in behalf of the War Savings Campaign, has thus far been negligible, the Secretary's memorandum declared that continued success of the drive depended upon a democratic and voluntary program and that "we must therefore be on guard against doing anything by word or action that will endanger or undermine it."

House Extends 3½% Farm Mortgage Interest Rate

Legislation extending for another two years the 3½% interest rate on farm mortgages held by Federal farm agencies was passed by the House on May 26 and sent to the Senate. The rate, in effect since 1935, expires on July 1. Approval came on a voice vote after several Representatives from the farm States suggested that the rate should be even lower than 3½%.

This law was first passed in 1933 but it then provided for a 4½% interest rate on loans through the Federal Land Banks or through the Federal Farm Mortgage Corp. In 1935 the rate was lowered to 3½%. This rate was continued in 1937 and 1938 over Presidential veto and in 1940 the law was renewed for two years with the President's approval.

Automobile Financing Down 7% In Month Diversified Financing Also Lower

A decrease of 7% from March 1942, to April 1942, in the number of new passenger cars financed by sales finance companies was announced on June 3 by J. C. Capt, Director of the Census. The dollar volume of paper acquired in the financing of new passenger cars decreased 9%. For new commercial cars, the number financed and the volume of paper acquired decreased 30% and 31% respectively. Used passenger cars financing decreased 18% for the number of cars and 23% for the dollar volume, while used commercial car financing decreased 21% and 16% respectively.

During April 1942, retail automotive outstandings of sales finance companies decreased 9%, which is identical to the percentage decrease during the previous month.

The volume of paper acquired by sales finance companies in wholesale financing decreased 53% for new cars and 40% for used cars from March to April of this year. The outstanding balances for wholesale automotive financings decreased 5% during April, marking the beginning of the downward swing from the high in February.

In retail diversified financing, the volume of paper acquired by sales finance companies decreased in all cases except for residential building repair and modernization, which increased 7%, in the period from March to April of 1942. The financing of radios, pianos, and other musical instruments decreased 49%, closely followed by a drop of 47% in the financing of refrigerators. The financing of household appliances, of furniture, and of industrial, commercial, and farm equipment decreased 32%, 10% and 9% respectively. In wholesale diversified financing the volume of paper acquired by sales finance companies was down 41% from March to April of this year.

Diversified outstanding balances held by sales finance companies recorded only slight reductions during April. Retail outstanding balances for other consumers' goods were reduced 3% for the fourth successive month, while the balances for industrial, commercial, and farm equipment were down 6%.

The ratios of the paper acquired during April 1942 to the outstanding balances as of April 30, 1942, are 3% for retail automotive, 5% for wholesale automotive, 6% for retail-other consumers' goods, 12% for industrial, commercial, and farm equipment, and 21% for wholesale—other than automotive.

These data on the current trends of sales financing for the month of April are based on reports for March and for April from 282 sales finance companies. Neither the dollar volumes nor the indexes should be used to indicate the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. The data are not comparable to those published for previous months, since monthly reports are not received each month from identical sales finance companies. All indexes for April were obtained by calculating the percent changes from March to April, as shown by reports for March and for April from sales finance companies reporting comparable data, and by linking these percentages to the indexes previously derived for March, 1942.

Sales—Finance Companies

AUTOMOTIVE AND DIVERSIFIED FINANCING

Volume of Paper Acquired During April 1942 and Balances Outstanding April 30, 1942

Class of Paper—	Dollar volume of paper acquired during April, 1942 By all companies*	Dollar volume of paper acquired during April, 1942 By all companies reporting outstanding balances†	Outstanding balances Apr. 30, 1942†	Ratio of paper acquired to outstand'g balances‡
Total retail automotive	$29,847,719	$29,385,435	$877,982,918	3
Total wholesale automotive	18,493,114	18,416,680	358,345,499	5
Total wholesale—other than automotive	1,422,379	1,340,170	6,491,522	21
Total retail—other consum. goods	14,616,574	14,325,449	257,050,978	6
Industrial, commercial and farm equipment	1,108,264	1,092,910	9,414,114	12
Total sales financings	$65,488,050	$64,560,644	$1,509,285,031	4

*Data are based on reports from all sales finance companies regardless of whether or not they could supply a breakdown and whether or not they could report their outstanding balances.

†Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

‡Ratios obtained by dividing paper acquired by outstanding balances for an identical group of firms.

AUTOMOTIVE FINANCING *

Number of Cars Financed and Volume of Paper Acquired During April, 1942

Class of Paper—	Number of cars Number	Number of cars % of total	Volume Dollars	Volume % of total
Total retail automotive	76,387	100	†$29,546,104	100
New passenger cars	4,699	6	3,622,243	12
New commercial cars	718	1	776,167	3
Used passenger cars	67,478	88	23,731,609	80
Used commercial cars	3,492	5	1,416,085	5
Total wholesale automotive	----	--	†$17,306,668	100
New cars (passenger and commercial)	----	--	13,272,672	77
Used cars (passenger and commercial)	----	--	4,033,996	23

*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing. †These amounts are less than those reported in column 1 of above table, due to the inclusion in that table of data from the sales fiance companies that could not provide a breakdown.

DIVERSIFIED FINANCING *

Volume of Paper Acquired During April 1942

Class of Paper—	Dollar volume	% of total
Retail—other consumers' goods:		
Furniture	$267,792	3
Radio, television sets, pianos & other musical instruments	184,011	2
Refrigerators (gas and electric)	1,104,491	13
Other household appliances	407,013	5
Residential building repair and modernization	3,557,649	41
Miscellaneous retail	591,825	7
Total retail—other consumers' goods	†$6,112,781	71
Total wholesale—other than automotive	1,422,379	16
Industrial, commercial, and farm equipment	1,108,264	13
Total diversified financing	$8,643,424	100

*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods. †This amount is less than that reported in column 1 of table on "Automotive and Diversified Financing" due to the inclusion in that table of data from the sales finance companies that could not provide a breakdown.

Steel Output Unchanged At 99.3% of Capacity—More Strip Mills Being Converted—Orders Off

Steel plate production in the United States finally has topped the million-ton mark for a single month, an accomplishment which is well worth recording in view of the great demand for ship plates and the rising total of ship sinkings off the East Coast, says "The Iron Age," in its issue of today (June 11), further adding: "May plate shipments totaled 1,012,194 tons and deliveries to shipyards in that month for the Maritime Commission exceeded 300,000 tons, representing distinct progress in efforts to bring together the gap between ship sinkings and new ship construction. (These are statistics vital to Americans.)

"Plate production from continuous strip mills, which in peacetime rolled vast quantities of steel for automobiles, contributed heavily to May plate output, the volume from such mills rising to 425,211 tons compared with 337,519 tons in April. Further conversions of strip mills under way will help push plate production to well above the million-ton mark. This unprecedented output of plates has been made to some extent at the expense of sheet mill tonnage. Sheet tonnage on some strip mill order books continues to increase, a result of priorities, although it cannot possibly be produced. This situation seems to call for War Production Board action in reallocating such orders. Already some highly rated sheet business is frozen because of plate demand while sheet bookings of less urgency are being rolled elsewhere.

"Interest in the new National Emergency steel is growing rapidly, and manufacturers have started substantial production of this new steel to meet increasing orders from customers who have been having considerable difficulty getting the old nickel alloy steels.

The American Iron and Steel Institute on June 8 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.3% of capacity for the week beginning June 8, compared with 99.3% one week ago, 99.6% one month ago and 98.6% one year ago. This represents no change from the preceding week. The operating rate for the week beginning June 8 is equivalent to 1,686,700 tons of steel ingots and castings, compared to 1,686,700 tons one week ago, 1,691,800 tons one month ago, and 1,591,300 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets on June 8 stated in part: "Current orders for steel are being received in smaller number, though usually for larger tonnages and longer periods. This affords no relief to steelmakers, as books are crowded with sufficient business to keep them busy for many months.

"While new orders have declined, mills are receiving specifications against A-1-a contracts in heavier volume, in many cases exceeding shipments.

"Forthcoming revision of Priorities Regulation No. 3 will require more than 10,000 companies, including most of those handling large war contracts, to operate under Production Requirements Plan after July 1. It is announced that all but a few classes of companies needing more than $5,000 worth of metal for third quarter must apply for priority assistance under PRP before July 1.

"Pig iron distribution in June has been the heaviest for some time as more consumers obtain war work. Pig iron output is being advanced steadily, many stacks making new records month by month.

"Flood of scrap is sufficient in nearly all steelmaking districts to support the high rate of production and also to provide reserves. In some cases dealers are receiving more than they can prepare with labor forces available. It is being allowed to accumulate for later preparation. No large reserves have yet been built but the situation is much more comfortable than for many months.

"Attainment of War Production Board's goal in iron ore movement is indicated by the record tonnage moved in May, 12,677,356 gross tons, which was 1,596,157 tons, or 14.4%, over May, 1941. For the season to June 1 a total of 21,327,064 tons was shipped, 3,291,072 tons, 18.25%, over the same period last year. Each of the three months since navigation opened has set a record."

Construction $274,971,000 For Week

Engineering construction volume for the week totals $274,971,000, the second highest value reported for the current year, and the third highest on record as reported by "Engineering News-Record" on June 4. The near-record volume is 68% higher than last week, and 108% above the volume for the corresponding 1941 week. Public construction reaches the third highest peak ever attained, and is 64% and 161% higher, respectively, than a week ago and a year ago. Private work gains 190% over the preceding week, but is 52% below the week a year ago.

The current week's construction brings the 1942 total to $4,211,327,000, an increase of 77% over the volume for the corresponding 23-week period in 1941. Private construction, $316,612,000, is 53% under last year, but public construction is 127% higher as a result of the 222% increase in federal work.

Construction volumes for the 1941 week, last week, and the current week are:

	June 5, 1941	May 28, 1942	June 4, 1942
Total construction	$132,570,000	$163,227,000	$274,971,000
Private construction	33,172,000	5,458,000	15,851,000
Public construction	99,398,000	157,769,000	259,120,000
State and municipal	52,000,000	12,336,000	10,509,000
Federal	47,398,000	145,433,000	248,611,000

In the classified construction groups, gains over last week are in waterworks, sewerage, industrial, commercial and public buildings, earthwork and drainage, and streets and roads. Increases over the 1941 week are in waterworks, sewerage, industrial and public buildings, and earthwork and drainage. Subtotals for the week in each class of construction are: waterworks, $2,678,000; sewerage, $3,069,000; bridges, $1,020,000; industrial buildings. $11,371,000; commercial buildings; $4,079,000; public buildings, $179,207,000; earthwork and drainage, $25,749,000; streets and roads, $11,529,000; and unclassified construction, $36,269,000.

New capital for construction purposes for the week, $4,484,000, is 58% below the total for the week last year. The current week's new financing is made up of $4,478,000 in State and municipal bond sales, and $6,000 in RFC loans for public improvements.

New construction financing for the year to date totals $6,823,307,000, a gain of 108% over the $3,282,484,000 reported for the 23-week period last year.

Market Value Of Stocks On New York Stock Exchange Higher On May 29

The New York Stock Exchange announced on June 3 that as of the close of business May 29, there were 1,242 stock issues aggregating 1,469,388,445 shares listed on the Exchange, with a total market value of $32,913,725,225. This compares with 1,241 stock issues, aggregating 1,469,204,098 shares, with a total market value of $31,449,206,904 on April 30 and with 1,234 stock issues, aggregating 1,463,343,927 shares, listed on the Stock Exchange on May 31, 1941, with a total market value of $37,815,306,034.

In making public the figures the Exchange said:

As of the close of business May 29, New York Stock Exchange member total net borrowings amounted to $324,410,876. The ratio of these member borrowings to the market value of all listed stocks on that date was, therefore, 0.99%. As the above figure includes all types of member borrowings, these ratios will ordinarily exceed the precise relationship between borrowings on listed shares and their total market value.

In the following table listed stocks are classified by leading industrial groups with the aggregate market value and average price for each:

Group	May 29, 1942 Market Value $	May 29, 1942 Average Price $	April 30, 1942 Market Value $	April 30, 1942 Average Price $
Amusement	256,127,652	12.14	236,659,259	11.22
Automobile	2,733,474,119	22.81	2,548,109,177	21.27
Aviation	473,880,855	13.71	484,189,143	14.00
Building	375,929,756	17.25	359,613,795	16.50
Business & office equipment	246,668,628	21.00	235,438,479	20.04
Chemical	4,563,597,104	47.77	4,359,945,368	45.64
Electrical equipment	1,094,017,929	27.60	1,020,395,498	25.74
Farm machinery	525,301,393	40.09	494,545,480	37.74
Financial	642,537,798	12.64	594,427,010	11.78
Food	2,143,820,816	23.01	2,001,922,994	21.49
Garment	34,647,526	20.69	32,574,446	19.45
Land & realty	14,237,303	2.93	13,956,783	2.87
Leather	168,649,781	20.13	166,168,492	19.80
Machinery & metals	1,137,220,030	16.61	1,105,899,414	16.17
Mining (excluding iron)	1,161,619,411	19.65	1,182,986,086	20.01
Paper & publishing	321,823,507	14.53	322,634,165	14.57
Petroleum	3,337,479,207	17.39	3,168,792,104	16.49
Railroad	2,544,988,061	22.56	2,588,684,975	22.95
Retail merchandising	1,691,261,405	23.06	1,534,763,933	20.93
Rubber	303,927,421	28.70	274,673,885	25.94
Ship building & operating	85,944,410	18.03	89,025,334	18.68
Shipping services	8,096,922	4.41	8,023,105	4.37
Steel, iron & coke	1,817,356,333	35.75	1,878,946,380	36.96
Textiles	309,986,053	22.10	294,943,029	21.03
Tobacco	989,507,862	37.01	885,221,929	33.11
Utilities:				
Gas & electric (operating)	1,449,588,448	15.69	1,370,059,697	14.83
Gas & electric (holding)	592,980,295	6.19	556,963,986	5.81
Communications	2,607,642,149	62.36	2,416,575,155	57.79
Miscellaneous	69,114,906	9.43	64,928,391	8.86
U. S. companies oper. abroad	429,544,670	13.05	427,442,576	12.98
Foreign companies	688,278,918	17.00	639,961,594	15.81
Miscellaneous businesses	94,474,556	16.09	90,735,242	15.46
All Listed Stocks	32,913,725,225	22.40	31,449,206,904	21.41

We give below a two-year compilation of the total market value and the average price of stocks listed on the Exchange:

	Market Value $	Average Price $		Market Value $	Average Price $
1940—			1941—		
Feb. 29	46,058,132,499	31.96	Apr. 30	37,710,958,708	25.78
Mar. 30	46,694,763,118	32.34	May 31	37,815,306,034	25.84
Apr. 30	46,769,244,271	32.35	June 30	39,607,836,569	27.07
May 31	36,546,583,208	25.26	July 31	41,654,256,215	28.46
June 29	38,775,241,138	26.74	Aug. 30	41,472,032,904	28.32
July 31	39,991,865,997	27.51	Sept. 30	40,984,419,434	28.02
Aug. 31	40,706,241,811	28.00	Oct. 31	39,057,023,174	26.66
Sept. 30	41,491,698,705	28.56	Nov. 29	37,882,316,239	25.87
Oct. 31	42,673,890,518	29.38	Dec. 31	35,785,946,533	24.46
Nov. 30	41,848,246,961	28.72	1942—		
Dec. 31	41,890,646,959	28.80	Jan. 31	36,228,397,999	24.70
1941—			Feb. 28	35,234,173,432	24.02
Jan. 31	40,279,504,457	27.68	Mar. 31	32,844,183,750	22.36
Feb. 28	39,398,228,749	27.08	Apr. 30	31,449,206,904	21.41
Mar. 31	39,696,269,155	27.24	May 29	32,913,725,225	22.40

SEC Reports 15 Security Issues Totaling $123,059,000 Registered In April

The Securities and Exchange Commission announces that 13 registeration statements, covering 15 issues of securities for an aggregate amount of $123,059,000, became effective under the Securities Act of 1933 during April, according to an analysis prepared by the Research and Statistics Subdivision of the Trading and Exchange Division. Securities proposed for sale by issuers amounted to $111,647,000, including the $100,000,000 debenture issue of American Tobacco Co. The Commission under date of May 22, added:

Although the volume of securities resigstered by issuers for sale during April was low, the net proceeds to be applied to new money purposes—$60,313,000—were larger than the monthly average for any calendar year since 1936. Issuers proposed to use $53,226,000 for additional working capital, while $7,088,000 was to be used to purchase new plant and equipment. Retirement of indebtedness accounted for $46,744,000, and purchase of securities took $1,334,000.

Securities to be underwritten aggregated $102,750,000, or 92% of all securities registered for the account of issuers for sale. Issuers planned to distribute $3,722,000 of securities, while $5,175,000 were to be offered through agents. Compensation to underwriters was at an average rate of 1.9%, compared with 5.1% on those offered through agents.

The following table is supplied by the Commission:

EFFECTIVE REGISTRATIONS UNDER THE SECURITIES ACT OF 1933
By Types of Securities—April, 1942

Type of Security	Total Securities Effectively Registered No. of Issues	Total Securities Effectively Registered Amount	Total, Less Securities Reserved for Conversion or Substitution Amount	Percent Apr., 1942	Percent Avg. 1941	Securities Proposed For Sale by Issuers Amount	Percent Apr., 1942	Percent Avg. 1941
Secured bonds	0	------	------	---	33.4	------	---	36.9
Unsecured bonds	1	$100,000,000	$100,000,000	82.5	24.8	$100,000,000	89.6	31.4
Face amt. certificates	0	------	------	---	6.4	------	---	8.1
Preferred stock	4	6,990,000	5,870,000	4.9	11.1	5,870,000	5.3	8.3
Common stock	8	15,572,711	14,822,711	12.2	20.6	5,288,336	4.7	12.1
Certificates of participation, beneficial interest, etc.	1	488,700	488,700	0.4	2.6	488,700	0.4	3.2
Warrants or rights	0	------	------	---	1.1	------	---	0.0
Substitute secur. (v.t. ctfs. & ctfs. of dep.)	1	7,315	------	---	---	------	---	---
Grand total	15	$123,058,726	$121,181,411	100.0	100.0	$111,647,036	100.0	100.0

May Construction 37% Over Previous Peak

The May heavy engineering construction total eclipsed all previous records in piling up a volume of $1,044,572,000 for the four weeks of the month, according to "Engineering News-Record" on June 3. The May volume averaged $261,143,000 for each of the four weeks, a 37% increase over the previous peak average reported for the five weeks of July, 1941, a gain of 45% over the five-week April, 1942, average, and 219% above the average for the five weeks of May, 1941.

Construction volumes for May, 1941, last month and the current month are:

	May, 1941 (five weeks)	April, 1942 (five weeks)	May, 1942 (four weeks)
Total construction	$409,371,000	$898,696,000	$1,044,572,000
Private construction	125,280,000	63,732,000	49,325,000
Public construction	284,091,000	834,964,000	995,247,000
State and municipal	121,321,000	66,036,000	55,847,000
Federal	162,770,000	768,928,000	939,400,000

The first billion-dollar month in the history of engineering construction brought the volume for the initial five months of 1942 to $3,936,356,000, a new peak 75% above the total for the period last year, and almost equal to the total for the entire year of 1940.

Just over 85% of the volume, $3,348,013,000, was federally-financed construction, 214% above the former high recorded for the five-month period a year ago. State and municipal work totaled $287,582,000, a decline of 47% from last year. Despite the sharp decline in non-Federal work, the public volume reached the unprecedented total of of $3,635,595,000, 125% higher than in the 1941 period Private engineering construction was $300,761,000 for the five months, a drop of 53% from the preceding year.

Approximately seven-tenths of the 1942 cumulative total was concentrated in building construction. The building volume, $2,778,724,000, was double that reported for the corresponding 1941 period and included $2,505,277,000 in public buildings, $152,870,000 in commercial building and large-scale private housing, and $120,577,000 in industrial buildings. The latter two classes of building construction were 41% and 56% lower than 1941, in that order, but public buildings climbed 193%.

Waterworks construction was up 36%, compared, with the five months of 1941; earthwork and drainage rose 136%, and unclassified construction climbed 68%, while all other classes of work were lower.

New Capital

New capital for construction purposes for May reached the record high of $4,360,002,000. This compares with $223,996,000 for the corresponding month in 1941. Ninety-nine percent of the month's financing, $4,314,000,000, was in Federal appropriations for military construction. Private investment totaled $29,952,000, and the balance, $16,050,000, was in RFC loans for public improvements and industrial plant expansion.

The month's record new construction financing brought the volume to $6,818,823,000 for the five months, an increase of 108% over the $3,271,780,000 for the period last year.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity Current*	*Percent of Activity Cumulative*
1942—Week Ended—					
Feb. 7	162,894	168,424	522,320	101	102
Feb. 14	156,745	167,424	510,542	101	102
Feb. 21	157,563	165,240	496,272	102	102
Feb. 28	163,067	164,601	493,947	100	102
Mar. 7	177,823	165,081	505,233	101	101
Mar. 14	140,125	166,130	476,182	100	101
Mar. 21	157,908	169,444	465,439	101	101
Mar. 28	144,061	168,394	442,556	100	101
Apr. 4	161,888	169,249	436,029	100	101
Apr. 11	145,000	153,269	428,322	93	101
Apr. 18	129,834	153,442	404,199	94	101
Apr. 25	139,026	156,201	388,320	93	100
May 2	135,273	152,569	371,365	90	99
May 9	130,510	143,427	360,221	86	99
May 16	119,142	141,745	336,530	82	98
May 23	120,224	140,650	316,443	81	97
May 30	113,059	132,901	288,516	77	96

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

April Hotel Sales Higher

In its monthly analysis of the trend of business in hotels, made available in their June bulletin, Horwath & Horwath, New York public accountants, state that the total sales in April were up 9% over last year, compared with 6% in March. A rise of 8% in room sales is 2 points more than that last month, while one of 11% in total restaurant sales is 4 points more. Again the restaurant pick-up was more in beverages than in food. Total occupancy was 71%, a rise of 2 points over April, 1941, and the total average rate was up 5%. The following statistics are supplied:

APRIL, 1942, COMPARED WITH APRIL, 1941

	Sales, Increase or Decrease *Total	Rooms	Total Restaurant	Food	Beverages	Occupancy Apr., 1942	Occupancy Apr., 1941	†Room Rate Increase or Decr.
New York City	+ 8%	+ 7%	+ 9%	+ 7%	+14%	71%	68%	+ 2%
Chicago	+19	+17	+20	+20	+20	70	66	+10
Philadelphia	+20	+24	+16	+14	+19	67	58	+ 8
Washington	+ 6	— 2	+10	+ 3	+30	88	88	— 2
Cleveland	+17	+16	+18	+17	+19	80	76	+10
Detroit	+13	+20	+ 6	+ 5	+ 7	78	70	+ 7
Pacific Coast	+15	+11	+18	+12	+35	68	64	+ 5
Texas	+ 6	+ 7	+ 4	+ 3	+ 9	81	77	+ 2
All Others	+ 8	+ 6	+10	+ 6	+17	70	70	+ 6
Total	+ 9%	+ 8%	+11%	+ 8%	+19%	71%	69%	+ 5%
Year to Date	+ 7%	+ 6%	+ 8%	+ 6%	+12%	70%	69%	+ 4%

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

No Needless Phones

Preferred applicants for new telephone service must demonstrate that the service is necessary to discharge the war or essential public activity in which they are engaged, the War Production Board ruled on June 2 in Interpretation No. 1 of General Conservation Order L-50. The WPB explained:

> Order L-50, as amended, places general restrictions on the types of telephone service which can be installed by telephone companies throughout the country, and sets up a classification of persons engaged in war or necessary public activity who may obtain preferential treatment in obtaining new service or a change of service.
>
> Under the interpretation, it is made clear that persons in the preferred category can not obtain service merely on the ground that they are engaged in war or essential civilian work, but also must show that the service desired is essential to the discharge of their responsibility for public health, welfare or security.
>
> The interpretation is intended to clear up doubts raised by essential users as to their status, and has no bearing on applications for service of persons not included in the essential category. Applications of nonessential users are controlled by the capacity of telephone companies as limited by L-50.

The original order was referred to in these columns April 30, page 1710.

Freight Forwarders Are Placed Under ICC Control

President Roosevelt signed on May 16 the bill amending the Interstate Commerce Act to provide for the regulation of freight forwarders along the same general lines that other carriers of freight have been regulated. The bill gives the ICC the right to fix rates and requires that freight forwarders obtain permits before they may engage in business. Heretofore freight forwarders have never been regulated. Final Congressional action on the measure came on May 11 when the House adopted a conference report, which the Senate had approved on May 7. The bill had been originally passed by Congress at last year's session but was delayed in conference until recently.

Illinois Ins. Dept. Changes

The resignation of R. T. Nelson, Chief Deputy of the Illinois Department of Insurance for the past eight years, is announced by Director Paul F. Jones. Mr. Nelson will remain with the Department for the time being, however, in order to complete certain studies now being conducted by the Department. Two members of the Department's staff will be promoted effective June 1st; N. P. Parkinson, of Decatur, who for the past year has been serving as Assistant Director of Insurance, has been advanced to become Chief Deputy to Director Jones; and Clarence M. Kinney, of Chicago, has been advanced from Special Deputy in the Department of Insurance, to become Assistant Director. The new appointments were made by Governor Dwight H. Green effective June 1.

Mtg. Loan Power Extended

President Roosevelt has signed the legislation which extends until July 1, 1943, the authority of the Federal Land Bank Commissioner to make loans on behalf of the Federal Farm Mortgage Corporation. The authority would have expired on June 1.

Final Congressional action on the measure was noted in these columns June 4, page 2117.

Daily Average Crude Oil Production For Week Ended May 30, 1942 Increased 278,300 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 30, 1942, was 3,877,300 barrels, an increase of 278,300 barrels over the preceding week and 91,200 barrels higher than in the corresponding week of last year. It was also 402,800 barrels in excess of the daily average for the month of May as recommended by the Office of Petroleum Coordinator. Further details as reported by the Institute follow:—

Reports received from refining companies owning 86.9% of the 4,684,000-barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,522,000 barrels of crude oil daily during the week ended May 30, 1942, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of that week, 95,355,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,478,000 barrels during the week ended May 30, 1942.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*O.P.C. Recommendations May	*State Allowables Beginning May 1	—Actual Production— Week Ended May 30 1942	Change From Previous Week	4 Weeks Ended May 30 1942	Week Ended May 31 1941
Oklahoma	438,500	438,500	†383,250	+ 3,000	389,100	413,350
Kansas	259,300	259,300	†256,500	+ 250	254,350	208,900
Nebraska	4,500	------	†4,000	— 50	3,950	4,300
Panhandle Texas			98,000	+ 10,000	87,150	77,800
North Texas			155,950	+ 10,350	148,700	129,650
West Texas			210,000	+ 53,300	185,850	259,100
East Central Texas			100,050	+ 12,950	86,300	79,500
East Texas			495,000	+124,400	329,350	373,700
Southwest Texas			165,950	+ 52,750	135,200	209,850
Coastal Texas			324,850	+ 82,750	251,550	276,650
Total Texas	960,000	‡1,493,800	1,549,800	+346,500	1,224,100	1,406,250
North Louisiana			86,550	+ 650	84,500	73,200
Coastal Louisiana			208,150	— 11,150	219,150	252,600
Total Louisiana	298,600	321,100	294,700	— 10,500	303,650	325,800
Arkansas	74,000	72,191	72,750	+ 1,900	71,500	73,200
Mississippi	48,100		†82,000	— 3,550	86,200	27,500
Illinois	329,200		288,450	— 7,850	294,050	341,200
Indiana	17,900		†21,300	— 550	21,600	22,000
Eastern (not incl. Ill. & Ind.)	105,400		101,000	+ 2,750	98,900	94,150
Michigan	60,500		64,400	+ 2,300	64,350	38,000
Wyoming	98,300		93,350	— 1,800	93,400	85,150
Montana	25,200		21,700	— 50	21,700	19,050
Colorado	7,900		6,350	— 350	6,850	4,000
New Mexico	73,300	73,300	54,450	------	62,600	113,050
Total East of Calif.	2,800,700		3,294,000	+326,000	2,996,300	3,175,900
California	673,800	§673,800	583,300	— 47,700	629,850	610,200
Total United States	3,474,500		3,877,300	+278,300	3,626,150	3,786,100

*O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in February, 1942, as follows: Oklahoma, 29,800; Kansas, 6,000; Texas, 112,700; Louisiana, 20,800; Arkansas, 2,300; New Mexico, 5,600; California, 42,600; other States, 21,900.

†Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. May 27.

‡This is the net basic 16-day allowable for the period May 16 to 31, inclusive. Under the order of May 15 all fields are permitted to produce on 13 out of 16 days, there being only a small exemption from the shutdown ordered for May 16, 17 and 18 in fields whose oil is considered necessary for the war effort.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED MAY 30, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	Daily Refining Capacity Potential Rate	Daily Refining Capacity % Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	Gasoline Production at Refineries Includ. Natural Blended	Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuels	‡Stocks of Residual Fuel Oil
*Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas	2,383	89.7	1,519	63.7	4.441	44,020	15,024	16,882
Appalachian	174	84.5	159	91.4	473	3,422	446	620
Ind., Ill., Ky.	784	84.9	778	99.2	2,462	19,294	2,759	3,091
Okla., Kansas, Mo.	418	81.1	360	86.1	1,136	8,893	1,069	1,615
Rocky Mountain	138	50.7	90	65.2	335	2,530	325	572
California	787	90.9	616	78.3	1,631	17,196	11,761	56,848
Tot. U. S. B. of M. basis May 30, 1942	4,684	86.9	3,522	75.2	10,478	†95,355	31,384	79,628
Tot. U. S. B. of M. basis May 23, 1942	4,684	86.9	3,393	72.4	10,042	97,034	30,614	79,442
U. S. Bur. of Mines basis May 31, 1941			3,759		12,349	93,156	35,373	91,370

*At the request of the Office of the Petroleum Coordinator.

†Finished 88,042,000 bbls.; unfinished 7,313,000 bbls. ‡At refineries, at bulk terminals,* in transit and in pipe lines.

Statutory Debt Limit As of May 31, 1942

The Treasury Department made public on June 3 its monthly report showing the face amount of public debt obligations issued under the Second Liberty Bond Act (as amended) outstanding on May 31, 1942, totaled $70,156,382,832, thus leaving the face amount of obligations which may be issued subject to the $125,000,000,000 statutory debt limitation at $54,843,617,168. In another table in the report, the Treasury indicates that from the total face amount of outstanding public debt obligations ($70,156,382,832) should be deducted $2,150,038,361 (the unearned discount on savings bonds), reducing the total to $68,006,344,471 and to this figure should be added $564,263,110 the other public debt obligations outstanding which, however, are not subject to the statutory limitation. Thus, the total gross debt outstanding as of May 31 was $68,570,607,581.

The following is the Treasury's report for May 31:

Section 21 of the Second Liberty Bond Act, as amended, provides that the face amount of obligations issued under authority of that Act, "shall not exceed in the aggregate $125,000,000,000 outstanding at any one time."

The following table shows the face amount of obligations outstanding and the face amount which can still be issued under this limitation:

Total face amount that may be outstanding at any one time			$125,000,000,000
Outstanding as of May 31, 1942:			
Interest-bearing:			
Bonds—			
Treasury	$38,084,566,300		
Savings (maturity value)*	11,719,073,675		
Depositary	77,491,000		
Adjusted service	729,867,807		
		$50,610,998,782	
Treasury notes	$12,588,353,800		
Certificates of indebtedness	4,606,583,000		
Treasury bills (maturity value)	2,256,576,000		
		19,451,512,800	
		$70,062,511,582	
Matured obligations, on which interest has ceased		93,871,250	
			70,156,382,832
Face amount of obligations issuable under above authority			$54,843,617,168

RECONCILEMENT WITH DAILY STATEMENT OF THE UNITED STATES TREASURY, MAY 31, 1942

Total face amount of outstanding public debt obligations issued under authority of the Second Liberty Bond Act, as amended		$70,156,382,832
Deduct, unearned discount on savings bonds (difference between current redemption value and maturity value)		2,150,038,361
		$68,006,344,471
Add other public debt obligations outstanding but not subject to the statutory limitation:		
Interest-bearing (pre-war, etc.)	$195,990,180	
Matured obligations on which interest has ceased	11,231,630	
Bearing no interest	357,041,300	
		564,263,110
Total gross debt outstanding as of May 31, 1942		$68,570,607,581

*Approximate maturity value. Principal amount (current redemption value) according to preliminary public debt statement, $9,569,035,314.

Non-Ferrous Metals—Quicksilver Price Lower—Domestic Chrome Specifications Eased

"E & M J Metal and Mineral Markets" in its issue of June 4 stated: "Despite heavy war demands, offerings of quicksilver by domestic producers have increased and business is being transacted at several dollars a flask under the maximum set by OPA. Metals Reserve again has lowered its standard on purchases of domestic chrome ore. Complete allocation of beryllium has been ordered. Extension of the right to make emergency purchases of foreign war materials for entry into the United States free of duty was granted by President Roosevelt, on June 1, to the Secretaries of War, Commerce, Agriculture, and the Treasury. Heretofore, only the Secretary of the Navy could make such purchases under a law enacted in 1914. The order will remain in force until termination of the War Powers Act of 1941." The publication further went on to say in part:

Copper

Deliveries of copper to domestic consumers during June may top the record established in May last year, based on estimates in the trade. Domestic consumers obtained copper on the 12c. Valley basis, and foreign metal was purchased by Metals Reserve at the equivalent of 11¾s. f.a.s. United States ports.

Lead

The tonnage for the June "pool" was allocated early in the week. With Mexican production expected to increase because of the agreement to purchase supplies from that country on better terms, and imports from other countries large, the supply outlook for the present is generally regarded as excellent. Quotations were unchanged.

Manufacturers of lead-covered cable in the United States used 173,000 tons of lead during 1941, according to an estimate by the American Bureau of Metal Statistics. This compares with 107,285 tons in 1940 and 74,371 tons in 1939. The figures cover use of lead for all kinds of telephone, public utility marine, and industrial cable. The peak in use of lead by cable manufacturers was 220,000 tons in 1929; the low since that year was 31,400 tons in 1933.

Zinc

George C. Heikes, geologist, has been named head of the Zinc Branch of the War Production Board, succeeding David A. Uebelacker, whose resignation from that post becomes effective July 1.

The industry was pleased over the speed with which June allocations were made. Certificates reached some consumers on the first day of the month and few have experienced any dificulty in obtaining metal.

Tin

The War Production Board is conducting a survey of actual consumption of tin by domestic consumers for the first-quarter period of 1942. The price situation remains unchanged. With costs high, the industry would not be surprised if an upward revision occurred at some future date.

Straits quality tin for future delivery was nominally as follows:

	June	July	Aug.
May 28	52.000	52.000	52.000
May 29	52.000	52.000	52.000
May 30	—HOLIDAY—		
June 1	52.000	52.000	52.000
June 2	52.000	52.000	52.000
June 3	52.000	52.000	52.000

Chinese tin, 99%, spot, 51.125c., all week.

Chrome Ore

Specifications covering purchases of domestic chrome ore by the Metals Reserve Co. have been lowered. "High Grade" ore is now defined as material containing a minimum of 45% of Cr^2O^3, against a minimum of 48% in the previous schedule. The base price, posted May 25, 1942, continues at $40.50 per long ton, dry, and the ratio of chrome to iron also continues at 2.5 to 1. In reducing the chrome content, the producer will, for all practical purposes, obtain more money for his product.

Quicksilver

Offerings of quicksilver have increased, and the price structure appears to have eased in more than one direction. Large consumers are not so ready to enter into long-term contracts. Some observers in the industry believe that Metals Reserve will have to accumulate quite a large quantity of quicksilver to stabilize prices. During the last few days, prices here ranged from $193.15 to $198.08 per flask, spot and nearby delivery, or well below ceiling levels. On the Pacific Coast prompt metal was quotable at $187 to $191 per flask. On forward business the inside price has been shaded.

Silver

During the past week the silver market in London has been unchanged at 23½d. The New York Official and the U. S. Treasury prices are also unchanged at 35⅛c. and 35c., respectively.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

May	Electrolytic Copper Domest., Refin.	Electrolytic Copper Exp., Refin.	Straits Tin, New York	Lead New York	Lead St. Louis	Zinc St. Louis
28	11.775	11.700	52.000	6.50	6.35	8.25
29	11.775	11.700	52.000	6.50	6.35	8.25
30	HOLIDAY					
June	11.775	11.700	52.000	6.50	6.35	8.25
1	11.775	11.700	52.000	6.50	6.35	8.25
2	11.775	11.700	52.000	6.50	6.35	8.25
3						
Average	11.775	11.700	52.000	6.50	6.35	8.25

Average prices for calendar week ended May 30 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead. 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c is deducted from f.a.s. basis (lighterage, to arrive at the f.o.b. refinery quotation).

Cotton Exchange Elects

The New York Cotton Exchange on June 1 elected Robert J. Murray as President, Eric Alliot as Vice-President, and William J. Jung as Treasurer.

Of the 15 members of the Board of Managers who were elected at the same time two were newly named members and 13 have served during the past year. The newly elected members are Arthur J. Pertsch and Mervin S. Van Brunt. The re-elected members are: Bernard J. Conlin, Milton S. Erlanger, J. Henry Fellers, Tinney C. Figgatt, Richard T. Harriss, Frank J. Knell, Jerome Lewine, J. Robert Lindsay, Elwood P. McEnany, Perry E. Moore, John H. Scatterty, Charles Slaughter, and Philip B. Weld. Herman D. Hensel was elected as Trustee of the Gratuity Fund for a period of three years. James B. Irwin, James C. Royce, and John R. Tolar 3rd, were elected as Inspectors of Election. Nomination of these officers was reported in our May 14 issue, page 1839.

Newspaper Price Changes

The Providence "Evening Journal" increased its price, effective June 1, from three to four cents in view of rising production costs and declining advertising.

The four daily newspapers published in Maine by the Gannet Publishing Co., Portland "Press Herald," Portland "Express," Waterville "Sentinel" and Kennebec "Journal" (Augusta), also raised the price of their publications from three to five cents, effective June 1.

The Fall River (Mass.) "Herald-News," afternoon daily, increased, effective June 1, its price from three to four cents.

The Milwaukee "Post," an afternoon daily newspaper, ceased publication on May 23. It was said that increased costs of operation and curtailment of advertising made it impossible to continue.

A recent reference to newspaper price increases appeared in our May 21 issue, page 1937.

Urges FHA Home Owners To Reduce Indebtedness

President Roosevelt has appealed to the more than 800,000 American families who are buying their homes under the FHA mortgage insurance plan to use their increased incomes to reduce the indebtedness on their homes.

The President made this appeal in a letter to John B. Blandford, Jr., National Housing Administrator. It follows:

My dear Mr. Blandford:

Our national program of war production is inevitably bringing about a large increase in the incomes of many people. At the same time raw materials and many manufactured goods are necessarily taken away from civilian use, and machinery and factories are being converted to war production. As a result of this enlarged purchasing power as against a curtailed supply of goods, the nation is faced with an undesirable and unnecessary rise in prices.

To forestall such a trend, I have proposed to the Congress and to the people of the United States a national economic policy designed to stablize the cost of living and thereby fortify our whole economic structure. One of the principal points of that policy is to encourage the paying off of debts and mortgages.

Among the thousands of American families now buying their homes through the FHA mortgage insurance plan, there are many whose incomes have been substantially increased as a result of these war expenditures and who are thus put in a position to increase the payments on their mortgages.

I therefore urge you, through the Commissioner of the Federal Housing Administration, to bring to the attention of these families this opportunity to use this increased income to reduce the indebtedness on their homes and at the same time to share importantly in our common battle against a rising cost of living.

FRANKLIN D. ROOSEVELT.

Honorable John B. Blandford, Jr.,
Administrator,
National Housing Agency.

NY Clearing House Amends Rule On Check Return

At a meeting of the New York Clearing House Committee on May 28 the rule regarding the return of "not good" checks and demand drafts was revised to make the minimum $500 instead of $100. The amended portion of the rule now reads as follows:

Provided, however, that "not good" checks and other demand drafts for less than $500 each returned by members, branches of members, or clearing non-members, in either Central or Outlying zones, may be also delivered at the Clearing House not later than 2 o'clock A.M. of the following business day, in envelopes marked "Return Items," without previous notice being given, but subject to all other regulations affecting items returned under the provisions of this rule. All such items over $50 bearing an out-of-town endorsement returned by members and their branches or clearing non-members in the Central and Outlying zones are subject to the provisions of Rule III in the matter of protest and notice of dishonor.

New Cotton Exch. Members

At a meeting of the Board of Managers of the New York Cotton Exchange held on May 29, Cecil Fielding White of Fresno, Calif., President of the Valley Cotton Products Co., cotton merchants, and Renan Randel Kimbrough, a cotton merchant in Memphis, Tenn., were elected to membership in the Exchange. Mr. Kimbrough is also a member of the Memphis Cotton Exchange.

Weekly Coal and Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest report states that the total production of soft coal in the week ended May 30 is estimated at 11,090,000 net tons. The decrease from the preceding week, 195,000 tons, or 1.7%, was due to the partial holiday observance of Memorial Day, May 30. Production in the corresponding week of 1941 was estimated at 9,477,000 net tons.

The U. S. Bureau of Mines reported that the production of anthracite for the week ended May 30 was estimated at 813,000 tons, a decrease of 388,000 tons, or 32.3%, from the preceding week. When compared with the output in the corresponding week of 1941, there was a decrease of 230,000 tons (about 22%). The calendar year to date shows a gain of 15.8% when compared with the corresponding week of 1941.

The U. S. Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended May 30 showed an increase of 4,100 net tons when compared with the output for the week ended May 23. Coke from beehive ovens decreased 31,800 tons during the same period.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS NET TONS

	Week Ended			January 1 to Date		
	May 30, 1942	†May 23, 1942	May 31, 1941	May 30, 1942	May 31, 1941	May 29, 1937
***Bituminous coal—**						
Total, incl. mine fuel	11,090	11,285	9,477	237,424	182,628	192,053
Daily average	‡2,092	1,881	1,755	1,877	1,434	1,523

*Includes for purposes of historical comparison and statistical convenience the production of lignite. †Revised. ‡May 30 weighted as 0.3 of a normal working day.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar year to date		
	§May 30, 1942	May 23, 1942	May 31, 1941	May 30, 1942	May 31, 1941	June 1, 1929
Penn. anthracite—						
*Total, incl. colliery fuel	813,000	1,201,000	1,043,000	24,385,000	21,060,000	30,791,000
†Commercial production	772,000	1,141,000	991,000	23,166,000	20,007,000	28,574,000
Beehive coke—						
United States total	146,200	178,000	124,400	3,242,500	2,230,200	2,734,100
By-product coke—						
United States total	1,182,700	1,178,600	‡	25,108,900	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					May avge.
State—	May 23, 1942	May 16, 1942	May 24, 1941	May 25, 1940	May 22, 1937	¶1923
Alaska	4	5	3	3	2	**
Alabama	388	393	350	295	267	398
Arkansas and Oklahoma	78	72	15	19	13	66
Colorado	137	130	91	70	82	168
Georgia and North Carolina	1	1	1	1	††	**
Illinois	1,170	1,171	1,048	651	562	1,292
Indiana	461	463	434	276	243	394
Iowa	44	43	35	44	24	89
Kansas and Missouri	176	155	95	72	72	131
Kentucky—Eastern	979	1,002	903	750	796	679
Kentucky—Western	226	236	157	110	106	183
Maryland	43	44	37	24	18	47
Michigan	2	4	3	2	1	12
Montana	65	60	46	47	32	42
New Mexico	28	27	18	18	27	57
North and South Dakota	29	21	18	15	16	**14
Ohio	721	698	597	384	458	860
Pennsylvania bituminous	2,758	2,880	2,687	2,028	2,002	3,578
Tennessee	152	155	149	117	108	121
Texas	5	5	6	15	16	22
Utah	104	100	66	32	24	74
Virginia	423	436	380	287	242	250
Washington	28	30	29	23	29	44
*West Virginia—Southern	2,270	2,341	2,258	1,901	1,679	1,380
†West Virginia—Northern	860	878	800	581	531	862
Wyoming	133	129	98	74	72	110
‡Other Western States	††	1	1	††	††	**5
Total bituminous coal	11,285	11,480	10,325	7,839	7,422	10,878
§Pennsylvania anthracite	1,201	1,262	840	868	1,085	1,932
Total, all coal	12,486	12,742	11,165	8,707	8,507	12,810

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

Insolvent National Bank Dividends

Comptroller of the Currency Preston Delano announced on June 3 that during the month ended May 31, 1942, authorizations were issued to receivers for payments of dividends to the creditors of eight insolvent national banks. It is stated that dividends so authorized will effect total distributions of $1,314,545 to 40,427 claimants who have proved claims aggregating $17,239,869, or an average payment of 7.63%. The Comptroller's announcement adds:

> The minimum and maximum percentages of dividends authorized were 4.25% and 65.0%, while the smallest and largest payments involved in dividend authorizations during the month were $35,522 and $274,313, respectively. Of the eight dividends authorized during the month, one was for a regular dividend payment and seven were for final dividend payments. Dividend payments so authorized during the month ended May 31, 1942, were as follows:

DIVIDEND PAYMENTS TO CREDITORS OF INSOLVENT NATIONAL BANKS AUTHORIZED DURING THE MONTH ENDED MAY 31, 1942

Name and Location of Bank—	Date Authorized	Distribution of Funds by Dividend Authorized	Total Percentage Authorized Dividends to Date	Amount Claims Proved
First American Nat'l Bank & Trust Co., Berwyn, Ill.	5-27-42	$35,522	20.2%	$461,320
The Joliet Nat'l Bank, Joliet, Ill.	5-18-42	208,001	72.33%	2,837,667
First Nat'l Bank, Rochester, Mich.	5-21-42	107,919	80.13%	1,414,401
First Nat'l Bank, Forestville, N. Y.	5-29-42	160,048	65.00%	246,228
First Nat'l Bank, Hempstead, N. Y.	5-28-42	223,497	97.9%	2,829,073
The Commercial Nat'l Bank, High Point, N. C.	5-16-42	192,750	99.68%	2,885,478
The First Nat'l Bank, Grand Forks, N. D.	5-19-42	112,495	84.25%	2,646,948
The Monongahela Nat'l Bank, Brownsville, Penn.	5-13-42	274,313	53.0%	3,918,754

Trading On New York Exchanges

The Securities and Exchange Commission made public on June 8 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended May 23, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 23 (in round-lot transactions) totaled 629,362 shares, which amount was 14.80% of total transactions on the Exchange of 2,127,050 shares. This compares with member trading during the previous week ended May 16 of 422,010 shares, or 13.15% of total trading of 1,604,280 shares. On the New York Curb Exchange, member trading during the week ended May 23 amounted to 72,235 shares, or 13.99% of the total volume on that Exchange of 258,175 shares; during the preceding week trading for the account of Curb members of 89,345 shares was 14.56% of total trading of 306,795 shares.

The Commission made available the following data for the week ended May 23:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total number of reports received	998	696
1. Reports showing transactions as specialists	161	85
2. Reports showing other transactions initiated on the floor	126	18
3. Reports showing other transactions initiated off the floor	64	44
4. Reports showing no transactions	619	556

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

Week Ended May 23, 1942

	Total for Week	*a*Per Cent
A. Total Round-Lot Sales:		
Short sales	81,100	
Other sales *b*	2,045,950	
Total sales	2,127,050	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	159,830	
Short sales	39,520	
Other sales *b*	123,390	
Total sales	162,910	7.59
2. Other transactions initiated on the floor—		
Total purchases	111,420	
Short sales	18,500	
Other sales *b*	63,990	
Total sales	82,490	4.56
3. Other transactions initiated off the floor—		
Total purchases	60,662	
Short sales	6,050	
Other sales *b*	46,000	
Total sales	52,050	2.65
4. Total—		
Total purchases	331,912	
Short sales	64,070	
Other sales *b*	233,380	
Total sales	297,450	14.80

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

Week Ended May 23, 1942

	Total for Week	*a*Per Cent
A. Total Round-Lot Sales:		
Short sales	3,405	
Other sales *b*	254,770	
Total sales	258,175	
B. Round-Lot Transactions for the Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	19,720	
Short sales	2,825	
Other sales *b*	26,900	
Total sales	29,725	9.58
2. Other transactions initiated on the floor—		
Total purchases	3,130	
Short sales	0	
Other sales *b*	2,360	
Total sales	2,360	1.06
3. Other transactions initiated off the floor—		
Total purchases	5,855	
Short sales	200	
Other sales *b*	11,250	
Total sales	11,450	3.35
4. Total—		
Total purchases	28,705	
Short sales	3,025	
Other sales *b*	40,510	
Total sales	43,535	13.99
C. Odd-Lot Transactions for the Account of Specialists—		
Customers' short sales	50	
Customers' other sales *c*	18,527	
Total purchases	18,577	
Total sales	10,497	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Revenue Freight Car Loadings During Week Ended May 30, 1942, Totaled 795,756 Cars

Loading of revenue freight for the week ended May 30, totaled 795,756 cars, the Association of the American Railroads announced on June 4. The decrease below the corresponding week in 1941 was 6,027 cars or 0.8%, but the increase above the same week of 1940 was 156,636 cars or 24.5%.

Loading of revenue freight for the week of May 30 decreased 41,992 cars or 5% below the preceding week, due to Memorial Day holiday.

Miscellaneous freight loading totaled 363,810 cars, a decrease of 14,529 cars below the preceding week, but an increase of 24,036 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 87,000 cars, a decrease of 9,365 cars below the preceding week, and a decrease of 56,327 cars below the corresponding week in 1941.

Coal loading amounted to 157,852 cars, a decrease of 8,131 cars below the preceding week, but an increase of 13,345 cars above the corresponding week in 1941.

Grain and grain products loading totaled 32,897 cars, a decrease of 1,515 cars below the preceding week, and a decrease of 3,246 cars below the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of May 30 totaled 20,440 cars, a decrease of 1,474 cars below the preceding week, and a decrease of 3,675 cars below the corresponding week in 1941.

Live stock loading amounted to 11,782 cars, a decrease of 1,071 cars below the preceding week, but an increase of 2,809 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of May 30 totaled 8,803 cars, a decrease of 804 cars below the preceding week, but an increase of 2,168 cars above the corresponding week in 1941.

Forest products loading totaled 45,689 cars, a decrease of 2,721 cars below the preceding week, but an increase of 6,493 cars above the corresponding week in 1941.

Ore loading amounted to 82,886 cars, a decrease of 4,319 cars below the preceding week, but an increase of 6,741 cars above the corresponding week in 1941.

Coke loading amounted to 13,840 cars, a decrease of 341 cars below the preceding week, but an increase of 122 cars above the corresponding week in 1941.

All districts reported increases compared with the two corresponding week in 1941 except the Eastern, Allegheny, North Western and Central Western, but all districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	2,465,685
Four weeks of March	3,171,439	3,066,011	2,489,280
Four weeks of April	3,351,038	2,793,630	2,495,212
Week of May 2	858,904	794,299	665,547
Week of May 9	839,253	837,149	680,628
Week of May 16	839,052	860,802	679,065
Week of May 30	795,756	801,783	639,120
Total	17,674,236	16,340,675	14,017,582

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 30, 1942. During this period 55 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MAY 30

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	406	641	530	1,270	1,565
Bangor & Aroostook	1,669	1,578	1,626	247	206
Boston & Maine	5,943	7,942	6,487	14,402	13,476
Chicago, Indianapolis & Louisville	1,500	1,286	1,229	2,173	2,673
Central Indiana	35	16	14	60	58
Central Vermont	806	1,418	1,147	2,072	2,615
Delaware & Hudson	4,243	6,068	4,309	9,707	9,996
Delaware, Lackawanna & Western	7,304	9,557	7,679	9,709	8,934
Detroit & Mackinac	302	295	260	123	173
Detroit, Toledo & Ironton	1,652	2,654	1,645	1,110	1,274
Detroit & Toledo Shore Line	282	320	262	2,481	3,360
Erie	11,475	14,091	10,592	17,493	15,203
Grand Trunk Western	3,958	5,512	4,016	7,380	8,752
Lehigh & Hudson River	198	203	161	4,758	2,415
Lehigh & New England	1,330	1,925	1,525	2,131	1,891
Lehigh Valley	7,042	9,264	6,697	10,748	9,156
Maine Central	2,108	2,998	2,399	3,204	2,868
Monongahela	5,952	5,701	3,926	310	361
Montour	2,409	2,167	1,983	55	30
New York Central Lines	45,588	45,944	36,184	54,035	48,105
N. Y., N. H. & Hartford	9,028	10,441	8,162	21,170	16,317
New York, Ontario & Western	652	1,046	1,050	1,727	2,303
New York, Chicago & St. Louis	6,961	5,795	5,104	15,266	13,120
N. Y., Susquehanna & Western	435	410	324	1,072	1,587
Pittsburgh & Lake Erie	8,125	8,406	6,297	9,359	8,461
Pere Marquette	5,178	6,297	4,754	6,006	6,499
Pittsburgh & Shawmut	712	632	656	19	58
Pittsburgh, Shawmut & North	380	393	331	261	326
Pittsburgh & West Virginia	1,005	1,255	862	3,292	2,334
Rutland	335	489	561	888	1,177
Wabash	4,681	5,236	4,298	13,587	10,601
Wheeling & Lake Erie	5,406	4,968	4,325	4,636	4,084
Total	147,100	164,948	129,395	220,751	199,978
Allegheny District—					
Akron, Canton & Youngstown	654	684	344	1,030	1,081
Baltimore & Ohio	36,697	37,882	28,882	26,080	21,647
Bessemer & Lake Erie	7,789	6,435	5,631	2,366	2,548
Buffalo Creek & Gauley	322	285	330	5	7
Cambria & Indiana	2,022	1,803	1,103	11	20
Central R. R. of New Jersey	6,340	7,605	5,700	18,223	15,745
Cornwall	642	718	592	54	52
Cumberland & Pennsylvania	267	290	187	29	35
Ligonier Valley	125	70	88	33	47
Long Island	821	768	483	3,021	3,018
Penn-Reading Seashore Lines	1,443	1,542	940	2,426	1,690
Pennsylvania System	80,046	80,776	58,092	63,889	55,260
Reading Co.	12,171	16,597	12,351	29,497	22,338
Union (Pittsburgh)	21,609	20,590	16,594	8,574	6,928
Western Maryland	3,926	3,904	3,137	12,490	8,814
Total	174,874	179,949	134,454	167,728	139,230
Pocahontas District—					
Chesapeake & Ohio	29,295	27,834	24,557	13,847	13,046
Norfolk & Western	23,638	23,777	19,549	6,891	6,415
Virginian	4,661	4,662	3,789	2,406	1,722
Total	57,594	56,273	47,895	23,144	21,183
Southern District—					
Alabama, Tennessee & Northern	387	331	277	337	226
Atl. & W. P.—W. R. R. of Ala.	722	796	692	2,365	1,766
Atlanta, Birmingham & Coast	852	772	571	1,090	1,152
Atlantic Coast Line	13,056	11,317	9,029	8,442	6,411
Central of Georgia	3,696	4,425	3,718	4,186	3,615
Charleston & Western Carolina	477	614	489	1,526	1,846
Clinchfield	1,673	1,739	1,447	2,801	2,980
Columbus & Greenville	341	466	233	205	316
Durham & Southern	186	176	150	1,246	463
Florida East Coast	1,214	647	933	850	880
Gainesville Midland	33	50	29	117	124
Georgia	1,335	1,309	974	2,944	1,893
Georgia & Florida	334	392	290	486	721
Gulf, Mobile & Ohio	4,222	3,872	3,035	4,236	3,308
Illinois Central System	28,609	22,097	17,834	18,247	13,599
Louisville & Nashville	27,483	24,949	22,558	9,654	7,120
Macon, Dublin & Savannah	128	194	131	687	657
Mississippi Central	145	178	116	450	416
Nashville, Chattanooga & St. L.	3,944	3,359	2,611	4,052	3,214
Norfolk Southern	1,123	1,171	984	1,834	1,058
Piedmont Northern	360	494	393	1,295	1,703
Richmond, Fred. & Potomac	473	397	288	10,887	6,858
Seaboard Air Line	9,146	10,745	8,656	7,010	5,988
Southern System	23,943	25,393	19,279	22,622	19,177
Tennessee Central	676	556	415	1,210	722
Winston-Salem Southbound	100	154	153	893	935
Total	124,558	116,593	95,285	109,672	87,148
Northwestern District—					
Chicago & North Western	19,418	20,913	15,852	12,189	12,438
Chicago Great Western	2,151	2,538	2,126	3,179	3,034
Chicago, Milw., St. P. & Pac.	17,580	19,199	16,053	9,414	8,556
Chicago, St. Paul, Minn. & Omaha	3,316	3,864	3,229	3,820	3,741
Duluth, Missabe & Iron Range	28,064	23,783	17,809	348	249
Duluth, South Shore & Atlantic	790	1,115	843	474	564
Elgin, Joliet & Eastern	10,571	10,381	7,611	10,743	9,422
Ft. Dodge, Des Moines & South	511	531	448	132	129
Great Northern	20,028	20,791	18,389	3,836	3,783
Green Bay & Western	*557	549	410	*783	774
Lake Superior & Ishpeming	2,923	3,323	3,308	49	82
Minneapolis & St. Louis	1,769	1,771	1,463	2,169	2,087
Minn., St. Paul & S. S. M.	6,057	6,983	5,345	2,478	2,914
Northern Pacific	8,858	8,245	8,634	3,921	4,269
Spokane International	138	243	201	442	321
Spokane, Portland & Seattle	1,984	2,274	1,649	2,797	2,099
Total	124,715	126,503	103,370	56,774	54,462
Central Western District—					
Atch., Top. & Santa Fe System	21,660	21,319	17,646	10,543	7,481
Alton	2,950	3,142	2,365	4,348	2,815
Bingham & Garfield	748	606	538	130	107
Chicago, Burlington & Quincy	13,494	14,984	11,523	8,978	9,239
Chicago & Illinois Midland	2,564	2,640	1,937	939	827
Chicago, Rock Island & Pacific	10,622	12,283	9,726	11,863	10,147
Chicago & Eastern Illinois	2,129	2,427	2,005	3,293	3,324
Colorado & Southern	*783	559	528	*1,986	1,746
Denver & Rio Grande Western	2,618	2,046	1,808	4,777	3,385
Denver & Salt Lake	566	175	274	21	24
Fort Worth & Denver City	1,205	1,399	986	1,307	1,551
Illinois Terminal	1,852	1,778	1,388	2,336	1,851
Missouri-Illinois	1,081	985	967	432	500
Nevada Northern	2,034	2,039	1,494	125	187
North Western Pacific	862	782	586	488	479
Peoria & Pekin Union	5	12	32	0	0
Southern Pacific (Pacific)	25,446	25,874	21,098	8,980	6,283
Toledo, Peoria & Western	249	348	281	1,519	1,457
Union Pacific System	11,083	12,388	11,176	13,104	9,348
Utah	483	241	168	2	3
Western Pacific	1,524	1,571	1,247	2,269	2,459
Total	103,958	107,598	87,773	77,445	63,213
Southwestern District—					
Burlington-Rock Island	151	173	150	166	305
Gulf Coast Lines	4,525	2,738	2,228	2,364	1,559
International-Great Northern	2,966	1,844	1,442	2,269	2,657
Kansas, Oklahoma & Gulf	378	229	186	1,346	1,004
Kansas City Southern	5,512	2,332	1,943	2,785	2,895
Louisiana & Arkansas	4,136	2,074	1,833	2,359	2,007
Litchfield & Madison	332	259	279	1,057	1,092
Midland Valley	756	429	434	214	255
Missouri & Arkansas	119	155	165	321	379
Missouri-Kansas-Texas Lines	4,352	4,198	3,379	3,551	3,284
Missouri Pacific	14,274	13,600	10,934	15,119	10,133
Quanah Acme & Pacific	101	104	123	251	125
St. Louis-San Francisco	8,445	7,867	6,008	7,863	5,364
St. Louis Southwestern	2,715	2,380	1,938	5,896	3,192
Texas & New Orleans	9,830	7,486	5,853	4,511	4,173
Texas & Pacific	4,180	3,862	3,835	5,499	4,279
Wichita Falls & Southern	155	176	199	52	59
Weatherford M. W. & N. W.	30	13	19	19	29
Total	62,957	49,919	40,948	55,642	42,791

*Previous week's figures.

Note—Previous year's figures revised.

May Department Store Sales

The Board of Governors of the Federal Reserve System announced on June 4 that the value of sales at department stores declined further in May and the Board's seasonally adjusted index dropped to 107% of the 1923-25 average, as compared with 117% in April.

INDEX OF DEPARTMENT STORE SALES† (1923-25 AVERAGE=100)

	May, 1942	Apr., 1942	Mar., 1942	May, 1941
Adjusted for seasonal variation	107	117	124	105
Without seasonal adjustment	107	115	118	105

Change from corresponding period a year ago (per cent)‡

Federal Reserve District—	One week ending May 30	May 23	May 16	May 9	Four weeks ending May 30	Apr 25	Mar. 28	Feb 28	Year to May 30
Boston	— 6	— 3	+ 5	+ 10	+ 2	+ 9	+ 28	+ 17	+ 18
New York	— 8	— 4	+ 6	+ 5	0	+ 4	+ 23	+ 18	+ 14
Philadelphia	— 9	— 4	+ 7	+ 15	+ 3	+ 4	+ 31	+ 33	+ 20
Cleveland	—16	— 6	+ 6	+ 6	— 2	+ 10	+ 33	+ 21	+ 19
Richmond	— 7	+ 6	+ 19	+ 17	+ 9	+ 15	+ 41	+ 35	+ 27
Atlanta	—11	— 5	+ 5	+ 1	— 3	+ 8	+ 15	+ 7	+ 10
Chicago	—17	+ 1	+ 3	+ 2	— 3	+ 11	+ 23	+ 21	+ 15
St. Louis	+ 13	+ 7	+ 6	+ 7	— 2	+ 6	+ 28	+ 21	+ 16
Minneapolis	*	*	*	*	— 7	+ 4	+ 15	+ 18	+ 10
Kansas City	—11	r + 1	0	0	— 2	+ 13	+ 20	+ 14	+ 15
Dallas	—12	—10	— 5	— 3	— 7	+ 6	+ 15	+ 8	+ 9
San Francisco	— 5	r + 9	+ 5	+ 9	+ 5	+ 16	+ 25	+ 25	+ 19
U. S. total	+ 11	— 2	+ 5	+ 6	0	+ 9	+ 26	+ 21	+ 17

WEEKLY INDEX, WITHOUT SEASONAL ADJUSTMENT (1935-39 AVERAGE=100)

1942—		1941—	
May 9	136	May 10	128
May 16	115	May 17	110
May 23	114	May 24	117
May 30	96	May 31	109

r Revised. *Not shown separately but included in United States total. †Monthly indexes refer to daily average sales in calendar month; May 1942 figures estimated from weekly sales.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 8 a summary for the week ended May 30, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week ended May 30, 1942	Total for week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	7,660
Number of shares	202,900
Dollar value	$7,335,633
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	186
*Customers' other sales	7,690
Customers' total sales	7,876
Number of Shares:	
Customers' short sales	3,974
*Customers' other sales	186,881
Customers' total sales	190,855
Dollar value	$5,918,059
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	390
†Other sales	55,640
Total sales	56,030
Round-lot Purchases by Dealers—	
Number of shares	61,330

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement Week Ended May 30, 1942

Lumber production during the week ended May 30, 1942, was 6% less than the previous week, shipments were 0.5% greater, new business, 17% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 11% above production; new orders 33% above production. Compared with the corresponding week of 1941, production was 9% greater, shipments, 6% greater, and new business 27% greater. The industry stood at 142% of the average of production in the corresponding week of 1935-39 and 160% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the first 21 weeks of 1942 was 3% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 10% above the orders of the 1941 period. For the 21 weeks of 1942, new business was 27% above production, and shipments were 16% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 63% on May 30, 1942, compared with 41% a year ago. Unfilled orders were 26% greater than a year ago; gross stocks were 18% less.

Softwoods and Hardwoods

Record for the current week ended May 30, 1942, for the corresponding week a year ago, and for the previous week, follows in thousands of board feet:

SOFTWOODS AND HARDWOODS

	1942 Week	1941 Week	1942 Previous Wk. (rev.)
Mills	456	456	492
Production	249,687	228,436	265,959
Shipments	276,272	261,377	274,916
Orders	331,392	260,260	283,495

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	373		94	
Production	239,039	100%	10,648	100%
Shipments	261,034	109	15,238	143
Orders	318,108	133	13,284	125

Items About Banks, Trust Companies

Russell S. Racey, an Assistant Cashier of the Chase National Bank of New York, died on June 2 at the Post Graduate Hospital, New York City, following a short illness. Mr. Racey, who was 51 years old, was a native of Indiana. Mr. Racey had been with the Chase National Bank since 1930 in charge of the new business development for the trust department. For seven years prior to this time he had been head of the new business department of the Equitable Trust Co., which merged with the Chase Bank in 1930.

James Gilbert White, internationally known engineer and capitalist, died on June 2, at his home in Greenwich, Conn. He was born in Milroy, Pa. and at his death was 80 years of age. Mr. White who had been particularly prominent in engineering and construction fields, retired from active business in 1928, having suffered impaired health for a number of years. From an official summary of his career we quote:

> Mr. White graduated from the Pennsylvania State College with the degree of A.B. in 1882. In 1884 he was awarded the degree of A.M. by the same institution. Later in 1884 he entered Cornell University, specializing in electrical engineering and physics, receiving a fellowship in electrical engineering followed by the degree of Ph.D. in 1885. During the summer vacations of his college course he spent considerable time engaged in surveying in Northern Pennsylvania, and later in the Civil Engineering Department of the Cambria Iron Co. at Johnstown, Pa. After his graduation from Cornell he accepted a position as instructor in Physics at the University of Nebraska and, in the spring of 1887, he joined forces with others in originating the Western Engineering Co. The Western Engineering Co. was later sold to the Edison-United Manufacturing Co. and Mr. White went to New York to take charge of the Department of Electric Railway Installation. Upon the formation of the Edison-General Electric Co. he resigned to develop an engineering and contracting business of his own under the name of J. G. White & Co.
>
> In 1900, after having carried out from his New York office and by several trips to London a considerable amount of engineering in Australia, he established an office in London, organizing for this purpose the English company, then known as J. G. White & Company, Ltd. That company performed a large amount of work in England, Ireland, India, New Zealand, Holland, France, South America and Central America. In 1913 he formed The J. G. White Engineering Corp. as a subsidiary of J. G. White & Co., Inc., for the purpose of assuming the functions previously exercised by the engineering and construction departments of the parent company, which has since restricted its activities to the investment banking field. A large amount of work has been carried out by The J. G. White Engineering Corp. in the United States, Canada, Central America, South America, Cuba, Puerto Rico, the Philippines, etc.
>
> During his engineering experience Mr. White supervised the design and construction of a large number of power houses, both steam and water driven, as well as complete systems of track and overhead construction, bridges, electric light and railway distribution circuits, while a number of the more important installations received his personal attention.
>
> He was a member of the Board of Trustees of The Pennsylvania State College, and always took a keen interest in the affairs of the institution, having established the two largest loan funds for students—$25,000 for men, in honor of his uncle, General James A. Beaver, former Governor of Pennsylvania; also $25,000 for women students, in honor of his mother, Mary Beaver White. In addition he established the John W. White Fellowship medal and various scholarships in honor of his father. Some years ago he made the largest individual contribution to the emergency building fund of the College.
>
> Among other organizations Mr. White had been a member of the American Society of Civil Engineers, American Institute of Electrical Engineers, New York Electrical Society and Pennsylvania Society.

Walter M. Brown, of the Union National Bank, was electer President of Pittsburgh Chapter, Inc., American Institute of Banking, at its recent annual election. Others elected were:

> Vice-Presidents, W. Howard Martie, of the Farmers Deposit National Bank, and Joseph T. Stephens, Colonial Trust Co.; Secretary, Anna M. Scott, Keystone National Bank; Treasurer, Joseph N. Tosh, Freedom (Pa.) National Bank; Directors, Hugh O. Ferguson, Union Trust Co., Walter B. Jones, Union Savings Bank, Harriet N. Manning, First National Bank at Pittsburgh, Elmer F. Schafer, Pitt National Bank, and Anne Price, Commonwealth Trust Co.

The Board of Directors of the Lincoln National Bank, Cincinnati, recently elected Lawrence C. Bucher as President to succeed the late Louis J. Hauck. The Directors also elected J. Edward Sohn, Jr., Vice President and Cashier, as a member of the Board. Mr. Bucher has been associated with the Lincoln National Bank since January, 1939, when he was made Executive Vice President and a Director. Prior to that he had been Assistant Vice President of the Central Trust Co. of Cincinnati. Mr. Sohn has been connected with the bank for 41 years, having become Cashier in 1922 and Vice President in 1939.

Elmer Benson, former Governor of Minnesota, recently purchased the assets of the defunct Capitol Trust and Savings Bank of St. Paul for $103,500. Mr. Benson and A. J. Kaufman of Appleton, Minn., his partner in the Minnesota Farms Co., were high bidders for the bank's assets, principally consisting of farm lands in Minnesota, North Dakota, Montana and Canada.

The First National Bank of Winston-Salem (N.C.) announces the election of Cecil H. Marriner as a Vice President and J. William Medford as Cashier.

Langlois N. A. M. Director

George R. Langlois has been named Director of the Pacific Coast Division of the National Association of Manufacturers, William P. Witherow, Association President, announced on June 7.

Mr. Langlois, who was Executive Assistant to the Director of the N. A. M., Washington, D. C., office before assuming his new duties, was selected for the post because of the "increasing industrial importance of the Pacific Coast area," according to the Association's statement.

Banks Offer Special War Bond Savs. Plans

To aid people in carrying out their War Bond pledges, the savings banks of New York State, by unanimous resolution, are offering two types of special War Bond Savings Accounts. These accounts, which are offered without charge, provide for systematic savings of small amounts of money and the purchase of war bonds each time a sufficient balance has been accumulated. One type of account is designed to aid the employer desiring to install a Payroll Savings Plan for his personnel, and the other to provide an easy and convenient method of regular savings for the individual.

Explaining these plans, the State Savings Banks Association states:

> Under the individual plan, generally designated as a Victory Club or War Bond Club, the individual, for example, may deposit one dollar a week and when a balance of $18.75 has been accumulated, a War Savings Bond will be issued in his name and with such beneficiary as he may designate. This type of service, it is pointed out, closely approximates the Christmas Club plan which has proven exceedingly popular among people who want to save regularly during the year for their Christmas purchases. It should greatly facilitate War Bond savings.
>
> Under the Payroll Savings Plan, the employer remits to the savings bank, each pay day, one check covering the total payroll savings of his organization, with a covering list showing the names and amounts to be credited to the accounts of the individual participants. The bank sets up accounts for each participant, and as soon as an individual's deposits reach $18.75, the bank issues a War Bond to him. This Payroll Savings Plan is proving of real value, particularly to the small employer who does not have the facilities, himself, to take care of payroll savings.
>
> Both plans are currently being offered by all of the savings banks in the metropolitan area and virtually all of the banks throughout the State. The savings bank, in most instances, will also hold the War Bonds in safe keeping, if that is desired.

President Warns Japan On Use Of Poison Gas

President Roosevelt warned Japan on June 5 that the continued use of poison gas by the Japanese armed forces against China or any other of the United Nations will be regarded as though taken against the United States and "retaliation in kind and in full measure will be meted out."

The President told his press conference that this government had received "authoritative reports" that the Japanese armed forces are using "poisonous or noxious gases" in various localities of China.

Mr. Roosevelt's formal statement which, he said, the State Department had prepared, follows:

> Authoritative reports are reaching this Government of the use by the Japanese armed forces in various localities in China of poisonous or noxious gases. I desire to make it unmistakably clear, if Japan persists in this inhuman form of warfare against China or against any other of the United Nations, such action will be regarded by this Government as though taken against the United States, and retaliation in kind and in full measure will be meted out. We shall be prepared to enforce complete retribution. Upon Japan will rest the responsibility.

FDIC Reports Earnings of Insured Banks Up

Gross earnings and current operating expenses of the insured commercial banks of the country in 1941 were higher than in any year of deposit insurance, the Federal Deposit Insurance Corporation announced on June 8. Gross earnings amounted to $1,730,000,000, which exceeded by $99,000,000 the previous high level reached in 1940. The announcement further said:

> The increase in gross earnings was partially offset by an increase of $71,000,000 in current operating expense, so that net earnings increased by only $28,000,000 during the year.
>
> The increase in gross earnings is attributed chiefly to an increase of $79,000,000 in the amount of income received from loans, reflecting the expansion of loans which has accompanied the increase in industrial output resulting from the defense and war programs. The average rate of income received on loans during 1941 declined to a new low of 4.27%.

The FDIC reports that the tabulation of 1941 statements of earnings, expenses and dividends of insured commercial banks disclosed the following additional facts:

> 1. Net charge-offs on assets (losses, less recoveries and profits on assets sold) of $9,000,000 were at the lowest level recorded since the inception of deposit insurance, with the exception of 1936, when recoveries and profits on assets sold exceeded losses on assets.
> 2. Net profits before dividends increased by $54,000,000 during 1941 to a total of $455,000,000. About one-half of the increase in net profits during 1941 was due to larger net earnings; the balance of the increase was due to the reduction of $28,000,000 in net charge-offs.
> 3. The decline in net charge-offs was accounted for entirely by decreases in losses and by increases in recoveries, on loans and on fixed assets. Net recoveries on securities (losses on securities were exceeded by recoveries on securities and profits on securities sold) remained the same in 1941 as in 1940.
> 4. All items of expenses increased except interest paid. Interest paid on time and savings deposits declined in 1941 for the seventh consecutive year and averaged 1.20% of average time and savings deposits.
> 5. The amount of taxes paid increased by $31,000,000, or 25%.
> 6. Interest and dividends on securities increased by $9,000,000 during 1941. This may be attributed to the increase in the banks' holdings of obligations of the U. S. Government, since the rate of interest received on securities declined for the fourth consecutive year and averaged 1.95%.
> 7. Common and preferred cash dividends and interest paid on capital amounted to $254,000,000 in 1941, as compared with $237,000,000 in 1940. The amount of dividends paid on common capital in 1941 increased for the seventh consecutive year to a total of $234,000,000; the rate of dividends on common capital showed an increase for the fourth consecutive year and averaged 9.59%.
> 8. Amounts available for additions to total capital accounts (net profits after dividends) of $201,000,000 represented 3% of total capital accounts.

Names Policy Group For Manpower Board

Paul V. McNutt, Chairman of the War Manpower Commission, announced on June 8 the appointment of several members of the management-labor policy committee. This group, to consist of seven national labor leaders and seven leaders of war production and transportation management when completed, will recommend to the chairman matters of major policy concerning the activities and responsibilities of the Commission. The committee will also make studies of its own and initiate the formulation of manpower policies, in addition to considering policies referred to it by the chairman. In his announcement, Mr. McNutt said.

> The War Manpower Commission has been directed by the President to assure the most effective utilization of the nation's manpower to fight this war. We are starting out by enlisting the leaders of labor and of business management. They will not only aid and assist us, they will also guide us.
>
> The manpower policy committee is charged with considering and recommending policies, and also to initiate policies. Its recommendations will have great weight in determining the fateful steps we shall take.

It is indicated that those who have thus far accepted membership on the committee and their organizations are: R. Conrad Cooper, Vice-President, Wheeling Steel Corp.; H. A. Enochs, chief of personnel, Pennsylvania Railroad; Frank P. Fenton, director of organization, American Federation of Labor; John P. Frey, President, Metal Trades Department, AFL.; R. E. Gillmor, President, Sperry Gyroscope Co., Inc.; R. Randall Irwin, director, industrial relations, Lockheed Aircraft Corp.; C. J. Whipple, President, Hibbard, Spencer, Bartlett & Co.; George Masterton, President, United Association of Journeymen Plumbers and Steamfitters, AFL; Clinton S. Golden, assistant to the President, United Steel Workers of America, CIO; John Green, President, Industrial Union of Marine and Shipbuilding Workers of America, CIO, and Walter P. Reuther, member, International executive board, United Automobile, Aircraft and Agricultural Implement Workers of America, CIO.

The directives issued by Chairman McNutt to several Federal agencies for facilitating manpower policies were referred to in these columns of June 4, page 2128.

A speech by Mr. McNutt on the Commission's objectives was noted in our May 28 issue, page 2037.

Pay On Rio Grande 6s

Holders of State of Rio Grande do Sul (United States of Brazil) 6% external sinking fund gold bonds due June 1, 1968, are being notified that funds have been remitted to its special agent, White, Weld & Co., New York, for the payment of coupons due Dec. 1, 1937, at the rate of 14% of the dollar face value; Dec. 1, 1938 coupons at the rate of 14.35%; June 1, 1939 coupons at the rate of 14.35%, and Dec. 1, 1939 coupons at the rate of 15.05%. The announcement further says:

> These funds have been remitted in accordance with the provisions of Presidential Decree No. 23829 of Feb. 5, 1934, as re-enacted and modified by Decree Law No. 2085 of March 8, 1940.
>
> Cash payment of the above rates in full satisfaction of these coupons is now being made upon presentation and surrender of the coupons to the special agent at 40 Wall Street, New York.

Unpaid coupons maturing Dec. 1, 1931 to Dec. 1, 1933, inclusive, must remain attached to the bonds for future adjustment.